

EAST MERCIA CHAMBER OF COMMERCE AND INDUSTRY
(Limited by Guarantee)
COMPANY REGISTRATION No. 36148

Report of the Council and Accounts for the 15 months ended 31st March 1997

COUNCIL MEMBERS AND ADVISERS

President:

B. F. LOWE

Vice-President:

J. R. C. SAYERS

Treasurer:

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

Council Members who served during the period:

D. S. FROST – <i>Chief Executive</i>	A. COTTERILL – <i>Financial Director (resigned 8th October 1996)</i>	
J. D. BAKER, J.P., F.C.A.	W. M. GOOD (Resigned 21st April 1997)	F. PRITCHARD
Mrs. S. BLACK	J. A. HAYWOOD	J. N. PUNCH
D. L. CARVER	B. F. LOWE	J. R. C. SAYERS
R. C. CRANE	R. S. McDONALD	A. C. WEDGEWOOD (Appointed 17th March 1997)
M. COLLINS (Resigned 21st October 1996)	A. S. MINIFIE	J. F. WOOLRIDGE
J. S. DAIN (Resigned 16th December 1996)		

T. D. Hutchinson was appointed Financial Director and Company Secretary on 19th May 1997

Advisers:

Auditors:

MOORES ROWLAND
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
J. ANTILL, O.B.E.
J. ASPINALL
J. D. BAKER, J.P., F.C.A.
D. L. CARVER
G. T. DAVIES
S. A. S. ECCLESTON, J.P.
LEON JESSEL, M.B.E., J.P.

W. JONES
T. I. C. MCKENZIE
J. OSBORNE
J. T. OXLEY
E. H. PAGE
R. M. PRUGGMAYER
J. N. PUNCH

P. C. SABAPATHY
P. E. SANKEY
J. R. C. SAYERS
W. A. STEPHENS, J.P.
J. TAMBERLIN
S. W. P. WHEWAY

Registered Office:

Chamber of Commerce House, Ward Street, Walsall WS1 2AG
Tel: 01922 721777 Fax: 01922 647359



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

Notice of Meeting

NOTICE IS HEREBY GIVEN that the one hundred and fifteenth Annual General Meeting will be held at Chamber of Commerce House, Ward Street, Walsall, on 11th July, 1997 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 2nd May, 1996.
3. To receive and adopt the Report and Accounts for the 15 months ended 31st March 1997.
4. To elect members of the Council.
To consider the re-election of the following members:
 J. D. Baker
 Mrs. S. Black
 D. L. Carver
 J. N. Punch
 A. C. Wedgewood. (Appointed 17th March 1997)
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 Hutchinson

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 submit their report and accounts for the 15 months ended 31st March 1997.

Results

The deficit for the period, after taxation, amounted to £43,451 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 Training Division failed to perform in accordance with the business plan approved by Council. Following a detailed investigation a number of other discrepancies were revealed, as further detailed in note 7, relating to previous years' accounts.

Subsequently there has been a complete reorganisation of the Accounting and Training Divisions.

Council is satisfied that the necessary performance and control procedures are now in place.

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: J. D. Baker, Mrs S. Black, D. L. Carver and J. N. Punch.

Council's responsibility

The Council is required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the surplus or deficiency for that period. 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

Following the resignation of Messrs Arthur Haslam, Moores Rowland were appointed as auditors by the Council and will be proposed for re-appointment in accordance with Section 385 of the Companies Act, 1985.

On behalf of the Council

T. D. HUTCHINSON *T Hutchinson*
Secretary

Dated 16th June 1997

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 & 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 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

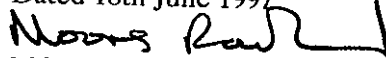
We conducted our audit in accordance with
Auditing Standards issued by the Auditing
Practices Board. An audit includes
examination, on a test basis, of evidence
relevant to the amounts and disclosures in
the financial statements. It also includes an
assessment of the significant estimates and
judgements made by the Council 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 the 31st March 1997
and of its deficit for the period then ended
and have been properly prepared in
accordance with the provisions of the
Companies Act 1985.

Dated 18th June 1997


MOORES ROWLAND

Chartered Accountants

Registered Auditors

Walsall.

WS1 1QX

Income and Expenditure Account for the 15 months ended 31st March 1997

Note	15 Months ended 31st March 1997 £	Year ended 31st December 1995 Restated £
2. INCOME	4,630,914	3,003,764
Expenses recharged to members	106,895	127,677
	4,524,019	2,876,087
Operating Expenses	4,641,305	3,031,339
3. OPERATING DEFICIT	(117,286)	(155,252)
Rent income	75,394	56,282
Income from investments	1,463	180
Interest receivable	8,928	7,938
Deficit for period on ordinary activities before taxation	(31,501)	(90,852)
6. TAXATION on ordinary activities	(11,950)	8,638
Deficit for period on ordinary activities after taxation	(43,451)	(82,214)
RETAINED SURPLUS BROUGHT FORWARD	1,145,368	1,227,582
16. RETAINED SURPLUS CARRIED FORWARD	1,101,917	1,145,368
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Deficit for the period	(43,451)	(82,214)
Prior years' adjustments as shown in note 7	(156,811)	-
Total losses for the period recognised since the last annual report	(200,262)	(82,214)

All of the Company's operations are continuing.

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

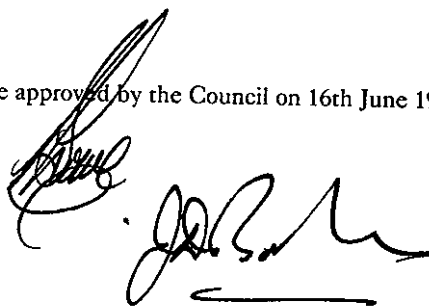
BALANCE SHEET – 31st March 1997

Note	31st March 1997		31st December 1995	
	£	£	£	£
				Restated
8.	TANGIBLE FIXED ASSETS		625,951	846,274
9.	INVESTMENTS		13,149	13,148
	CURRENT ASSETS			
10.	DEBTORS: Amounts falling due within one year		942,095	942,092
		Cash at Bank and in hand	351,400	23,630
			<u>1,293,495</u>	<u>965,722</u>
11.	CREDITORS: Amounts falling due within one year		830,678	679,776
		NET CURRENT ASSETS	<u>462,817</u>	<u>285,946</u>
		TOTAL NET ASSETS	<u><u>1,101,917</u></u>	<u><u>1,145,368</u></u>
	CAPITAL AND RESERVES			
13.		Called up Share Capital	-	-
		Accumulated surplus	<u>1,101,917</u>	<u>1,145,368</u>
16.	MEMBERS' FUNDS		<u><u>1,101,917</u></u>	<u><u>1,145,368</u></u>

The accounts on pages 5 to 12 were approved by the Council on 16th June 1997 and signed on its behalf by

B. F. LOWE, *President.*

J. D. BAKER, *Treasurer.*



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

CASH FLOW STATEMENT for the 15 months ended 31st March 1997

	15 months ended 31st March 1997		Year ended 31st December 1995	
	£	£	£	£
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		303,755		(172,171)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Rent income		75,394		56,282
Income from investments		1,463		180
Interest received		8,928		7,938
		85,785		64,400
TAXATION				
Corporation Tax paid		(13,446)		(19,362)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets		(144,882)		(76,328)
Payments to acquire investments		(1)		-
Receipts from sales of tangible fixed assets		262,065		41,945
		117,182		(34,383)
INCREASE/(DECREASE) IN CASH		493,276		(161,516)
RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES				
Operating deficit		(117,286)		(155,252)
Depreciation charges		171,763		96,375
Decrease (Increase) in debtors		1,493		(237,530)
Increase in creditors		316,408		124,236
Profit on sale of fixed assets		(68,623)		-
		303,755		(172,171)
ANALYSIS OF NET CASH (DEBT)				
	31st December 1995	Cash flow	31st March 1997	
	£	£	£	
Cash at bank and in hand	23,630	327,770	351,400	
Bank overdrafts	(165,506)	165,506	-	
	(141,876)	493,276	351,400	

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

NOTES TO THE ACCOUNTS – 31st March 1997

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable Accounting Standards. The accounts 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:

	<i>Years</i>
Short leasehold buildings	Over period of lease
Freehold buildings	50 years
Motor vehicles, office equipment and furniture, Leasehold buildings	2–10 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 profit and loss account.

LEASES

Rentals payable under operating leases are charged to the profit and loss 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, group telex and the training operations.

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

	15 months ended 31st March 1997	Year ended 31st December 1995 Restated
	£	£
Members' subscriptions	265,512	231,264
Charges for services provided	4,365,402	2,772,500
	<u>4,630,914</u>	<u>3,003,764</u>

NOTES TO THE ACCOUNTS – 31st March 1997

Note	15 months ended 31st March 1997 £	Year ended 31st December 1995 (Restated) £
3. OPERATING DEFICIT		
This is arrived at after charging:		
Depreciation	171,763	96,375
Auditors' remuneration:		
Audit	3,250	2,150
Non Audit	2,600	1,850
Council members' remuneration (including benefits in kind and pension contributions)	130,625	110,388
Operating lease rentals		
Land and buildings	230,723	130,400
Other	17,354	15,832
AND AFTER CREDITING		
Profit on sale of freehold property	68,623	–
	<u> </u>	<u> </u>
4. STAFF COSTS		
Wages and salaries	1,897,679	1,518,708
Employer's National Insurance contributions	191,080	174,593
Other pension costs	28,180	28,539
	<u>2,116,939</u>	<u>1,721,840</u>
	No.	No.
The average number of employees during the period was made up as follows:		
Office and management	46	42
Training officers	84	104
	<u>130</u>	<u>146</u>
Council members' emoluments		
President	Nil	Nil
The number of Council members in the following emolument bands (including pension contributions)		
£25,001-£30,000	1	–
£35,001-£40,000	–	1
£70,001-£75,000	–	1
£85,001-£90,000	1	–
The highest paid Council member's emoluments were (including benefits in kind but excluding pension contributions)	<u>85,295</u>	<u>73,069</u>
No other Council member received any remuneration		
5. PENSION COSTS:		
The Chamber operates a funded defined contribution pension scheme.		
Pension cost charged to profit on ordinary activities	28,180	28,539
Contributions outstanding included under creditors	4,156	–
	<u> </u>	<u> </u>
6. TAXATION		
UK Corporation Tax (charge)/credit at 25%	(15,000)	7,756
Prior year adjustment	3,090	918
Tax credits on UK dividends received	(40)	(36)
	<u>(11,950)</u>	<u>8,638</u>

NOTES TO THE ACCOUNTS – 31st March 1997

7. PRIOR YEAR ADJUSTMENTS

	Year ended 31st Dec 1993 £	Year ended 31st Dec 1994 £	Year ended 31st Dec 1995 £	Total £
Creditors not provided for	49,400	6,789	41,744	97,933
Income not matched by related expenditure	–	–	92,778	92,778
	<u>49,400</u>	<u>6,789</u>	<u>134,522</u>	<u>190,711</u>
Less taxation	8,427	1,171	24,302	33,900
	<u>40,973</u>	<u>5,618</u>	<u>110,220</u>	<u>156,811</u>

8. TANGIBLE FIXED ASSETS

	Freehold/ Leasehold Land and Buildings £	Motor Vehicles Office Equipment and Furniture £	Total £
COST			
At 1st January, 1996	823,663	471,064	1,294,727
Additions	–	144,882	144,882
Disposals	(222,655)	(28,586)	(251,241)
At 31st March, 1997	<u>601,008</u>	<u>587,360</u>	<u>1,188,368</u>
LAND AND BUILDINGS COST COMPRISE:			
Land			11,064
Freehold property			524,952
Short leasehold property			64,992
			<u>601,008</u>
DEPRECIATION			
At 1st January, 1996	156,617	291,836	448,453
Provided for period	31,475	140,288	171,763
On Disposals	(41,278)	(16,521)	(57,799)
At 31st March, 1997	<u>146,814</u>	<u>415,603</u>	<u>562,417</u>
NET BOOK VALUE at 31st March, 1997	<u>454,194</u>	<u>171,757</u>	<u>625,951</u>
NET BOOK VALUE at 31st December, 1995	<u>667,046</u>	<u>179,228</u>	<u>846,274</u>

9. INVESTMENTS AT COST

	1997 £	1995 £
Quoted investments	13,149	13,148

The investments, government securities and quoted ordinary shares had a market value at 31st March 1997 of £19,398. (31st December 1995 - £18,798)

10. DEBTORS: Amounts falling due within one year

		Restated
Trade	847,609	890,567
Subsidiary Undertaking	8,375	–
Other Debtors	12,934	1,882
Prepayments and accrued income	58,200	36,160
Corporation tax recoverable	14,977	13,483
	<u>942,095</u>	<u>942,092</u>

NOTES TO THE ACCOUNTS – 31st March 1997

	1997	1995
11. CREDITORS: Amounts falling due within one year		Restated
Bank Overdraft (Secured)	–	165,506
Trade Creditors	153,369	79,524
Subsidiary Undertaking	4,312	–
Other Taxes and Social Security Costs	105,151	129,714
Accruals and deferred income	193,489	186,294
Other Creditors	155,771	53,117
Loan Accounts (<i>see Note</i>)	38,842	40,092
Engineering Centre current account	179,744	25,529
	<u>830,678</u>	<u>679,776</u>

Midland Bank plc have a mortgage on the freehold property at Ward Street, Walsall as security for any bank indebtedness.

NOTE

On 3rd May 1994 East Mercia Chamber of Commerce and Industry (“East Mercia”) merged with the Burton-upon-Trent and District Chamber of Commerce and Industry (“Burton”) and Tamworth Chamber of Commerce (“Tamworth”). In accordance with the merger Agreement the assets of “Burton” and “Tamworth” were transferred to “East Mercia”, and are included in the assets at 31st March 1997 and are represented by Loan Accounts as follows:

	1997	1995
	£	£
“Burton”	33,813	35,063
“Tamworth”	5,029	5,029
	<u>38,842</u>	<u>40,092</u>

Members of “Burton” and “Tamworth” have the right at any time up to 3rd May 1997 to require repayment of these Loan Accounts. These rights were not exercised.

	1997	1995
	£	£
12. DEFERRED TAXATION		
This comprises the following:		
Capital allowances in advance of depreciation	(2074)	(1,771)
Capital gain arising on disposal of freehold property	2074	1,771
	<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 1997 the company was committed to the following annual payments relating to operating leases:		
Land and Buildings:		
Expiry within one year	48,656	11,275
Expiry between one and five years	137,332	80,250
Expiry over five years	34,800	42,731
	<u>220,788</u>	<u>134,256</u>
Office Equipment:		
Expiry within one year	2,192	1,375
Expiry between one and five years	4,408	14,065
	<u>6,600</u>	<u>15,440</u>

NOTES TO THE ACCOUNTS – 31st March 1997

15. CONTINGENT LIABILITY

The company has guaranteed any indebtedness to Midland Bank plc by Walsall Chamber of Commerce Engineering Centre Limited.

At 31st March, 1997 there was no such indebtedness (1995: £Nil)

16. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	15 months ended 31st March 1997 £	Year ended 31st December Restated 1995 £
(Deficit)/Surplus for the financial period	(43,451)	(82,214)
Opening Members' Funds	1,145,368	1,227,582
Closing Members' Funds	<u>1,101,917</u>	<u>1,145,368</u>

17. SUBSIDIARY UNDERTAKING

Business Link (Walsall) Limited, a company Limited by guarantee, incorporated and registered in England is a subsidiary of the company. An undertaking has been given by Walsall Training and Enterprise Council to underwrite any future shortfall.

The last audited financial statements made up to 31st March 1996 and unaudited management accounts to 31st March 1997 disclose:-

	Capital and Reserves £	Profit and loss for the year ended 31st March £	Voting Rights %
Audited accounts to 31st March 1996	82,853	110,192	75%
Unaudited Management accounts to 31st March 1997	132	(82,721)	75%

Group accounts have not been prepared as the company is exempt under Sec. 248 of the Companies Act 1985.

18. RELATED PARTY TRANSACTIONS

The following transactions have taken place:

- The company controls 75% of the voting rights of Business Link (Walsall) Limited. During the period the company purchased £23,859 and sold £782,951 worth of services. At 31st March 1997 there were outstanding balances receivable of £8,375 and payable of £4,312.
- During the period J. Dain, D. S. Frost, and R. McDonald were directors of Business Link Staffordshire Limited, and the company purchased £13,609 and sold £42,346 worth of services. At 31st March 1997 there was an outstanding balance receivable of £13,043.
- During the period B. Lowe, D. L. Carver, D. S. Frost and J. Punch were directors of Walsall City Challenge Limited and the company purchased £13,406 and sold £537,684 worth of services. At 31st March 1997 there was an outstanding balance receivable of £36,080.
- During the period D. L. Carver and D. S. Frost were directors of Walsall Training and Enterprise Council Limited and the company purchased £3,709 and sold £1,343,205 worth of services. At 31st March 1997 there were outstanding balances receivable of £16,358 and payable of £2,673.
- During the period J. Baker, D. L. Carver, D. S. Frost, B. Lowe and J. N. Punch were directors of Walsall Chamber of Commerce Engineering Centre Limited and the company purchased £1,147,169 and sold £281,426 worth of services. At 31st March 1997 there was an outstanding balance payable of £179,744.
- During the period R. McDonald was a director of Staffordshire Training and Enterprise Council Limited and the company sold £884,284 worth of services. At 31st March 1997 there was an outstanding balance receivable of £109,201.