

Company Number: 2697277
Charity Number: 1011118

**HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**



HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998

The Director's present their annual report and the financial statements for the year ended 31 December 1998. This report is prepared in accordance with the Charities Act 1993 and the Statement of Recommended Practice "Accounting by Charities", issued by the Charity Commissioners for England and Wales in October 1995 and approved by the Accounting Standards Board.

DIRECTORS RESPONSIBILITIES

Company law requires the Directors 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 surplus or deficit of the Company for that year. In preparing those financial statements, the Directors are required to:

- (a) Select suitable accounting policies and then apply them consistently.
- (b) Make judgements and estimates that are reasonable and prudent.
- (c) 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 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 safeguarding the assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities.

OBJECTS AND GENERAL INFORMATION ABOUT THE CHARITY

The Charity was incorporated as a private company number 2697277, limited by guarantee, on 13 March 1992 and is ruled by its Memorandum and Articles of Association. Its principal objective is to advance education for the public benefit.

The Charity is registered by The Charity Commissioners for England and Wales, registration number 101118, it utilises offices in Liverpool for administration purposes which it leases from The John Moores University.

The policies adopted by the directors to further the objects of the charity have been, and continue to be to administer the allocation of the European Social Fund ('ESF') Grants within the higher education sector in the United Kingdom; to print, make and to publish or to assist in or promote the printing or making of any newspapers, periodicals, books, monographs, articles, leaflets or other literary or audio-visual undertakings that the company may think desirable for the promotion of its objects and to distribute such as it may think fit; to own, exploit and acquire copyrights, rights of publication; to undertake research within the Higher Education sector and to publish the results of such research; to produce, present, promote, organise, manage and conduct any meetings, lectures, classes, debates, conferences, libraries, demonstrations or exhibitions for the promotion of its objects. The company is, however, not significantly dependent on the services of volunteers or on donations in kind.

The Company's accumulated fund is an unrestricted fund which is the accumulation of funds over the charity's life. The Company does not have any restricted or endowment funds.

**HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

DIRECTORS (WHO ALSO ACT AS TRUSTEES)

The directors who served during the year to 31 December 1998 were:

Stuart Martin Gaskell
Professor Michael Jackson Harrison
Rosemary Charlotte Williamson
Baroness Warwick
Professor Phillip Charles Thomas
Professor Graham Upton
Timothy James Cox

REVIEW OF THE YEAR

During the year, the Company's expenditure on its charitable objects was £125,955.

The Company's total income for the year amounted to £216,309. This enabled the Charity to add £37,820 to the Accumulated Reserve after meeting all its charitable expenditure as well as the Charity's management and administration costs. As a result the balance of the unrestricted fund is £236,622.

The audited financial statements for the year ended 31 December 1998 are shown on pages 5 to 10. The statement of financial activities on page 5 shows the incoming resources available to the Charity and the extent to which its funds have been spent.

This together with the balance sheet on page 6 shows a current market value of the Company's accumulated reserve of £236,622.

REGISTERED OFFICE

19 Seymour Terrace
Seymour Street
Liverpool
L3 5PE

**HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

SOLICITORS

Dibb Lupton Alsop
India Buildings
Water Street
Liverpool
L2 0NH

CORRESPONDENT

Martin McCauley
19 Seymour Terrace
Seymour Street
Liverpool
L3 5PE

CUSTODIAN

John Moores University
Rodney House
Rodney Street
Liverpool

AUDITORS

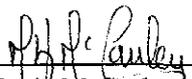
BKR Haines Watts
Trident House
31-33 Dale Street
Liverpool
L2 2HF

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of BKR Haines Watts as auditors to the Company will be put to the Annual General Meeting.

SMALL COMPANY STATUS

Advantage has been taken in the preparation of this report of the exemptions conferred by Part II, Schedule 8 of the Companies Act 1985 of the special exemptions applicable to small companies.

By order of the Board



Martin McCauley
Secretary

27 MARCH 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF
HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on page 1 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 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 at 31 December 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Trident House
31-33 Dale Street
Liverpool
L1 9AA

BKR Haines Watts

BKR HAINES WATTS
Registered Auditors &
Chartered Accountants

_____ *27/31* 2000

HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 1998

Notes	1998	1997
	£	£
INCOME AND EXPENDITURE		
Incoming Resources		
Grants from European Commission	109,550	92,434
Levies	84,319	126,621
Workshop	22,440	20,110
Total Incoming Resources	<u>216,309</u>	<u>239,165</u>
RESOURCES EXPENDED		
1 Direct charitable expenditure	125,955	149,829
2 Management and administration	74,534	88,528
8 Exceptional item	(22,000)	(21,999)
	<u>178,489</u>	<u>216,358</u>
NET MOVEMENT IN FUNDS		
Unrestricted fund brought forward 1 January 1998	<u>198,802</u>	<u>175,995</u>
Unrestricted fund carried forward 31 December 1998	<u>£236,622</u>	<u>198,802</u>

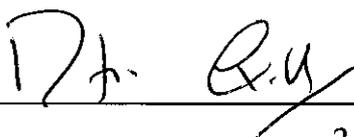
HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AT 31 DECEMBER 1998

NOTES

	1998		1997	
	£	£	£	£
FIXED ASSETS				
4 Tangible assets		-		2,585
CURRENT ASSETS				
Debtors				
5 - due within one year	129,044		227,068	
Cash at bank and in hand	197,500		250,071	
	326,544		477,139	
6 CREDITORS: Amounts falling due within one year	89,922		280,922	
NET CURRENT ASSETS		236,622		196,217
NET ASSETS		£236,622		£198,802
Represented by:-				
7 ACCUMULATED FUND		236,622		198,802
		£236,622		£198,802

Advantage is taken in the preparation of these financial statements of the exemptions conferred by Part 1, Section A of Schedule 8 to the Companies Act 1985 of the special exemptions applicable to small companies on the grounds that, in the opinion of the Directors, the Company has met the qualifications for a small company as set out in Section 247 of that Act.

The financial statements on pages 5 to 10 were approved by the Directors on 27 MARCH 2000 and signed on their behalf by:-

 Director
 27.3.00

HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 1998

The following accounting policies have been adopted in preparing the Company's financial statements.

1. ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and with the Statement of Recommended Practice "Accounting by Charities", issued in October 1995.

2. TANGIBLE FIXED ASSETS

Items of equipment acquired by the company which have an expected useful life of more than one year are capitalised as fixed assets.

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided so as to write off the cost of tangible fixed assets, less estimated residual value, by equal instalments over their estimated useful lives, at the following rates:-

-	Fixtures, fittings and equipment	25% - 50% p.a.
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3. LEVIES

Levies are accounted for on an accruals basis.

4. CASH FLOW STATEMENT

The Company has adopted Financial Reporting Standard No. 1 but is exempt from the requirement to prepare a cash flow statement because it qualifies as a small company.

**HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

5. TAXATION

The company is a Registered Charity for taxation purposes. The company is registered as Registered Charity Number 101118.

6. TURNOVER

Turnover represents the total income raised by way of Grant and amounts invoiced for Levies and Workshops.

7. LEASED ASSETS

Rentals on operating leases are charged to the profit and loss account in the period in which it falls due.

8. STATEMENT OF FINANCIAL ACTIVITIES

The Statement of Financial Activities complies with Financial Reporting Standard Number 3, and is therefore equivalent to an Income and Expenditure account.

HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

1. DIRECT CHARITABLE EXPENDITURE

	1998	1997
	£	£
Salaries and related costs (see note 3)	£125,955	£149,829

2. MANAGEMENT AND ADMINISTRATION

Premises and administration	64,124	72,210
Auditors' remuneration	3,565	2,910
Depreciation	2,585	2,577
Bad debts	4,260	10,831
	£74,534	£88,528

3. SALARIES AND RELATED COSTS

The costs of employing staff during the year were as follows:-

Wages and salaries	111,393	126,526
Social Security costs	9,448	10,899
Other staff costs	5,114	12,404
	£125,955	£149,829

The average number of employees was 3 (1997 - 4)

4. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £
Cost:	
At 1 January 1998	27,241
Additions in the Year	-
At 31 December 1998	27,241
Depreciation:	
At 1 January 1998	24,656
Charged in the Year	2,585
At 31 December 1998	27,241
Net book value:	
At 31 December 1998	-
At 31 December 1997	2,585

HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998

5. DEBTORS falling due within one year

	1998	1997
	£	£
Workshop Debtors	1,800	415
Levies Due	15,103	121,472
Grants due from European Commission	109,550	101,519
Prepayments	2,591	3,662
	£129,044	£227,068

6. CREDITORS - Amounts falling due within one year

	1998	1997
	£	£
Other Creditors	86,922	277,922
Accruals and deferred income	3,000	3,000
	£89,922	£280,922

7. ACCUMULATED FUND

	1998	1997
	£	£
At 1 January 1998	198,802	175,995
Surplus for the year	15,820	808
Exceptional item	22,000	21,999
At 31 December 1998	£236,622	£198,802

8. EXCEPTIONAL ITEM

	£22,000	£21,999
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The exceptional item relates to half a provision that has been held in the balance sheet since 1993 and 1994, the charge against which never materialised.

9. GUARANTEES

The members of the company guarantee to contribute to the assets of the company, in the event of it being wound up while he/she is a member, such amount as may be required, not exceeding £1 (one pound).

HIGHER EDUCATION (ESF) SERVICES LIMITED
(A COMPANY LIMITED BY GUARANTEE)
SUMMARY OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 1998

	1998		1997	
	£	£	£	£
INCOME				
Grants from European Commission		109,550		92,434
Workshops		22,440		20,110
Levies		84,319		126,621
		<u>216,309</u>		<u>239,165</u>
DEDUCT: Expenditure				
Wages & National Insurance	125,955		149,829	
Premises	24,500		24,500	
Administration Costs	20,948		21,574	
Conference & Hospitality	4,687		5,038	
Equipment Repairs	907		3,101	
Consultancy	3,565		5,828	
Travel & Subsistence	13,082		15,079	
Depreciation	2,585		2,577	
Bad Debts	4,260		10,831	
		<u>200,489</u>		<u>238,357</u>
Surplus for the year		15,820		808
Exceptional Item		22,000		21,999
		<u>£37,820</u>		<u>£22,807</u>