

Registered number: 3291503

**COMPANIES HOUSE**

**Ethelbert Specialist Homes Ltd**

**Abbreviated accounts  
For the year ended 31 March 2003**



**Ethelbert Specialist Homes Ltd**

**Company information**

**Directors**

Les Davenport (died 12 May 2003)  
Bernie Davenport  
Leslie Davenport

**Secretary**

Bernie Davenport

**Company number**

3291503

**Registered office**

24 Wincheap  
Canterbury  
Kent  
CT1 3QZ

**Auditors**

Reeves & Neylan  
Chartered Accountants and Registered Auditors  
77 Biggin Street  
Dover  
Kent  
CT16 1BB

# **Ethelbert Specialist Homes Ltd**

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## Ethelbert Specialist Homes Ltd

### Directors' report

For the year ended 31 March 2003

The directors present their report and the financial statements for the year ended 31 March 2003.

#### Statement of 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 profit or loss of the company 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;
- 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 reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activities and review of business

The company's principal activity during the year continued to be that of providers of quality childcare and education.

#### Results and dividends

The profit for the year, after taxation, amounted to £126,008 (2002 - £229,704) .

The directors having paid an interim dividend of £500 per share do not recommend a further dividend.

#### Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	ordinary shares of £1 each	
	<u>31/3/03</u>	<u>1/4/02</u>
Les Davenport (died 12 May 2003)	38	38
Bernie Davenport	38	38
Leslie Davenport	-	-

Leslie Davenport inherited 13 ordinary shares in the company from the estate of Les Davenport who died on 12 May 2003.

N J Alder, who is a partner in the company's auditors, Reeves & Neylan, is a trustee of a Trust which holds 24 ordinary £1 shares in the company. He is not the partner responsible for the audit of the company's accounts .

R Atherden who is a partner in the company's solicitors, Hardmans, is also a trustee.

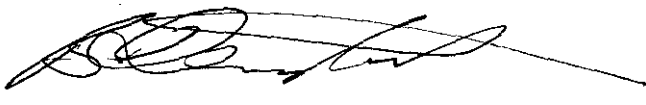
**Ethelbert Specialist Homes Ltd**

**Directors' report  
For the year ended 31 March 2003**

**Auditors**

The auditors, Reeves & Neylan, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 15 October 2003 and signed on its behalf.

X 

**Bernie Davenport**  
Secretary

## **Ethelbert Specialist Homes Ltd**

### **Independent auditors' report to Ethelbert Specialist Homes Ltd Under section 247B of the Companies Act 1985**

We have examined the abbreviated accounts of Ethelbert Specialist Homes Ltd for the year ended 31 March 2003 set out on pages 4 to 14, together with the financial statements of the company for the year ended 31 March 2003 prepared under section 226 of the Companies Act 1985.

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**

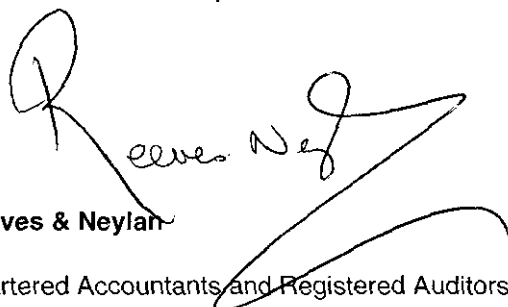
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

#### **Basis of audit opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with those provisions.

A handwritten signature in black ink, appearing to read 'Reeves Neylan', is written over a large, stylized, handwritten 'Z' or 'N' shape.

**Reeves & Neylan**

Chartered Accountants and Registered Auditors  
Dover

12 November 2003

**Ethelbert Specialist Homes Ltd**

**Abbreviated Profit and loss account  
For the year ended 31 March 2003**

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
<b>Gross profit</b>		<b>1,326,643</b>	<b>1,408,509</b>
Administrative expenses		<u>(994,374)</u>	<u>(934,226)</u>
<b>Operating profit</b>	<b>2</b>	<b>332,269</b>	<b>474,283</b>
Interest receivable		<b>2,947</b>	<b>1,875</b>
Interest payable	<b>5</b>	<u>(35,213)</u>	<u>(23,227)</u>
<b>Profit on ordinary activities before taxation</b>		<b>300,003</b>	<b>452,931</b>
<b>Tax on profit on ordinary activities</b>	<b>6</b>	<u>(173,995)</u>	<u>(223,227)</u>
<b>Profit on ordinary activities after taxation</b>		<b>126,008</b>	<b>229,704</b>
<b>Dividends</b> - On equity shares	<b>7</b>	<u>(50,000)</u>	<u>(50,000)</u>
<b>Retained profit for the financial year</b>		<b>76,008</b>	<b>179,704</b>
<b>Retained profit brought forward</b>		<u><b>236,701</b></u>	<u><b>56,997</b></u>
<b>Retained profit carried forward</b>		<u><u><b>312,709</b></u></u>	<u><u><b>236,701</b></u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

**Ethelbert Specialist Homes Ltd**

**Abbreviated Balance sheet  
As at 31 March 2003**

	Note	£	2003 £	£	2002 £
<b>Fixed assets</b>					
Intangible fixed assets	8		517,500		776,250
Tangible fixed assets	9		578,400		613,020
			<u>1,095,900</u>		<u>1,389,270</u>
<b>Current assets</b>					
Stocks	10	1,000		1,000	
Debtors	11	117,987		58,902	
Cash at bank and in hand		127,306		141,515	
			<u>246,293</u>	<u>201,417</u>	
<b>Creditors:</b> amounts falling due within one year	12	(643,951)		(896,575)	
			<u>(397,658)</u>	<u>(695,158)</u>	
<b>Net current liabilities</b>					
			<u>698,242</u>	<u>694,112</u>	
<b>Total assets less current liabilities</b>					
<b>Creditors:</b> amounts falling due after more than one year	13		(385,433)		(457,311)
			<u>312,809</u>	<u>236,801</u>	
<b>Net assets</b>					
<b>Capital and reserves</b>					
Called up share capital	14		100		100
Profit and loss account			312,709		236,701
			<u>312,809</u>	<u>236,801</u>	
<b>Shareholders' funds - all equity</b>	15				
			<u>312,809</u>	<u>236,801</u>	

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 15 October 2003 and signed on its behalf.

X 

**Bernie Davenport**  
Director

The notes on pages 7 to 14 form part of these financial statements.



**Ethelbert Specialist Homes Ltd**

**Abbreviated Cash flow statement  
For the year ended 31 March 2003**

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
Net cash flow from operating activities	16	<b>607,662</b>	823,212
Returns on investments and servicing of finance	17	<b>(32,266)</b>	(21,352)
Taxation		<b>(218,995)</b>	(199,552)
Capital expenditure and financial investment	17	<b>(10,791)</b>	(502,341)
Equity dividends paid		<b>(50,000)</b>	(50,000)
		<hr/>	<hr/>
<b>Cash inflow before financing</b>		<b>295,610</b>	49,967
Financing	17	<b>(309,819)</b>	46,299
		<hr/>	<hr/>
<b>(Decrease)/Increase in cash in the year</b>		<b>(14,209)</b>	96,266
		<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net debt (note 18)  
For the year ended 31 March 2003**

	<b>2003 £</b>	<b>2002 £</b>
(Decrease)/Increase in cash in the period	<b>(14,209)</b>	96,266
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	<b>309,819</b>	(46,299)
	<hr/>	<hr/>
<b>Change in net debt resulting from cash flows</b>	<b>295,610</b>	49,967
New finance lease	-	(20,662)
	<hr/>	<hr/>
<b>Movement in net debt in the year</b>	<b>295,610</b>	29,305
Net debt at 1 April 2002	<b>(766,747)</b>	(796,052)
	<hr/>	<hr/>
<b>Net debt at 31 March 2003</b>	<b>(471,137)</b>	(766,747)
	<hr/>	<hr/>

The notes on pages 7 to 14 form part of these financial statements.

**Notes to the abbreviated accounts  
For the year ended 31 March 2003**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention.

**1.2 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% straight line
Leasehold improvements	-	Over the term of the lease
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance

No depreciation is charged on freehold land.

**1.3 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.4 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

**1.5 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.6 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**1.7 Pensions**

The company contributes towards personal pension schemes for one of the directors and several employees. The assets of these schemes are held separately from those of the company in independently administered funds.

**1.8 Goodwill**

Purchased goodwill is capitalised and classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, which is estimated to be 6 years. It is reviewed for impairment at the end of each financial year.

# Ethelbert Specialist Homes Ltd

## Notes to the abbreviated accounts For the year ended 31 March 2003

### 2. Operating profit

The operating profit is stated after charging:

	2003 £	2002 £
Amortisation - intangible fixed assets	258,750	258,750
Depreciation of tangible fixed assets:		
- owned by the company	24,366	22,356
- held under finance leases	19,840	29,655
Auditors' remuneration	5,000	5,000
Operating lease rentals:		
- plant and machinery	1,208	13,703
- other operating leases	41,775	32,113
	<u>258,750</u>	<u>258,750</u>

### 3. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2003 £	2002 £
Wages and salaries	1,965,899	1,789,952
Social security costs	184,966	173,855
Other pension costs	28,195	26,567
	<u>2,179,060</u>	<u>1,990,374</u>

The average monthly number of employees, including directors, during the year was as follows:

	2003 No.	2002 No.
Management	14	12
Administration	13	11
Maintenance	14	11
Residential social workers	51	48
Education Facility staff	22	21
	<u>114</u>	<u>103</u>

### 4. Directors' remuneration

	2003 £	2002 £
Emoluments	118,476	113,204
	<u>118,476</u>	<u>113,204</u>

The Company contributes to a pension scheme in respect of one of the directors.

**Ethelbert Specialist Homes Ltd**

**Notes to the abbreviated accounts  
For the year ended 31 March 2003**

**5. Interest payable**

	2003	2002
	£	£
On bank loans and overdrafts	28,699	9,998
On finance leases and hire purchase contracts	6,514	13,229
	<u>35,213</u>	<u>23,227</u>

**6. Taxation**

	2003	2002
	£	£
<b>Analysis of tax charge in year</b>		
UK corporation tax on profits of the year	175,000	220,000
Adjustments in respect of prior periods	(1,005)	3,227
<b>Tax on profit on ordinary activities</b>	<u>173,995</u>	<u>223,227</u>

The following factors had to be taken into account when calculating the tax charge for the year:

- i) There is one associated company
- ii) No relief is available on the amortisation of goodwill.

Other than the above, corporation tax has been based on the standard rate of corporation tax in the UK of 30% (2002 - 30%) on the profits of ordinary activities.

There were no factors that may affect future tax charges.

**7. Dividends**

	2003	2002
	£	£
<b>On equity shares</b>		
Total dividends paid	<u>50,000</u>	<u>50,000</u>

# **Ethelbert Specialist Homes Ltd**

## **Notes to the abbreviated accounts For the year ended 31 March 2003**

### **8. Intangible fixed assets**

	Goodwill £	Total £
<b>Cost</b>		
At 1 April 2002 and 31 March 2003	<u>2,070,000</u>	<u>2,070,000</u>
<b>Amortisation</b>		
At 1 April 2002	1,293,750	1,293,750
Charge for the year	<u>258,750</u>	<u>258,750</u>
At 31 March 2003	<u>1,552,500</u>	<u>1,552,500</u>
<b>Net book value</b>		
At 31 March 2003	<u>517,500</u>	<u>517,500</u>
At 31 March 2002	<u>776,250</u>	<u>776,250</u>

With effect from 1st April 2001 the goodwill write off was extended to 6 years from the date of acquisition so as to reduce the carrying value to Nil by 31 March 2005.

### **9. Tangible fixed assets**

	Freehold property £	Leasehold improvements £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>					
At 1 April 2002	477,560	36,052	191,692	35,546	740,850
Additions	12,411	-	12,400	970	25,781
Disposals	-	-	(36,909)	-	(36,909)
At 31 March 2003	<u>489,971</u>	<u>36,052</u>	<u>167,183</u>	<u>36,516</u>	<u>729,722</u>
<b>Depreciation</b>					
At 1 April 2002	7,151	11,302	95,885	13,492	127,830
Charge for the year	7,404	9,029	24,319	3,454	44,206
On disposals	-	-	(20,714)	-	(20,714)
At 31 March 2003	<u>14,555</u>	<u>20,331</u>	<u>99,490</u>	<u>16,946</u>	<u>151,322</u>
<b>Net book value</b>					
At 31 March 2003	<u>475,416</u>	<u>15,721</u>	<u>67,693</u>	<u>19,570</u>	<u>578,400</u>
At 31 March 2002	<u>470,409</u>	<u>24,750</u>	<u>95,807</u>	<u>22,054</u>	<u>613,020</u>

# **Ethelbert Specialist Homes Ltd**

## **Notes to the abbreviated accounts For the year ended 31 March 2003**

### **9. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2003 £	2002 £
Motor vehicles	<u>59,522</u>	<u>88,962</u>

Included in land and buildings is freehold land in the sum of £120,000 which is not depreciated.

### **10. Stocks**

	2003 £	2002 £
Consumable goods	<u>1,000</u>	<u>1,000</u>

### **11. Debtors**

	2003 £	2002 £
<b>Due within one year</b>		
Trade debtors	100,480	44,797
Other debtors	17,507	14,105
	<u>117,987</u>	<u>58,902</u>

Included within other debtors is a figure of £7,428 (2002 £4,989) owed by Ethelbert Residential Family Placements Limited which is an associated company. The loan is interest free and repayable on demand.

### **12. Creditors: Amounts falling due within one year**

	2003 £	2002 £
Bank loans and overdrafts	125,804	169,326
Payments received on account	8,480	16,533
Net obligations under finance leases and hire purchase contracts	34,070	26,273
Trade creditors	40,210	35,498
Corporation tax	175,000	220,000
Social security and other taxes	101,935	90,032
Other creditors	129,452	329,663
Accruals and deferred income	29,000	9,250
	<u>643,951</u>	<u>896,575</u>

Included within other creditors is a directors loan account, in respect of monies due to Les and Bernie Davenport, in the sum of £33,128 (2002 £217,344) and in respect of Leslie Davenport in the sum of £20,000 (2002 £38,000). No interest is charged on the balances outstanding and they are repayable on demand.

**Ethelbert Specialist Homes Ltd**

**Notes to the abbreviated accounts  
For the year ended 31 March 2003**

**13. Creditors:  
Amounts falling due after more than one year**

	2003 £	2002 £
Bank loans	347,102	378,002
Net obligations under finance leases and hire purchase contracts	38,331	79,309
	<u>385,433</u>	<u>457,311</u>

Included within the above are amounts falling due as follows:

	2003 £	2002 £
<b>Between two and five years</b>		
Bank loans	171,600	177,688
	<u>171,600</u>	<u>177,688</u>
<b>Over five years</b>		
Bank loans	175,502	200,314
	<u>175,502</u>	<u>200,314</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2003 £	2002 £
Repayable by instalments	175,502	200,314
	<u>175,502</u>	<u>200,314</u>

The loans were secured by a fixed and floating charge over the assets of the company and personal guarantees from Les and Bernie Davenport. Bernie Davenport has continued to give a personal guarantee to the bank since the death of Les Davenport. The total secured liabilities amounts to £472,906. The bank loans are repayable within 10 years at variable rates of interest

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2003 £	2002 £
Between two and five years	38,331	79,309
	<u>38,331</u>	<u>79,309</u>

**14. Share capital**

	2003 £	2002 £
<b>Authorised, allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

# **Ethelbert Specialist Homes Ltd**

## **Notes to the abbreviated accounts For the year ended 31 March 2003**

### **15. Reconciliation of movement in shareholders' funds**

	2003 £	2002 £
Profit for the year	126,008	229,704
Dividends	(50,000)	(50,000)
	<u>76,008</u>	<u>179,704</u>
Opening shareholders' funds	236,801	57,097
Closing shareholders' funds	<u>312,809</u>	<u>236,801</u>

### **16. Net cash flow from operations**

	2003 £	2002 £
Operating profit	332,269	474,283
Amortisation of intangible fixed assets	258,750	258,750
Depreciation of tangible fixed assets	44,206	52,011
Loss on disposal of tangible fixed assets	1,205	-
(Increase)/decrease in debtors	(59,085)	63,927
Increase/(decrease) in creditors	30,317	(25,759)
	<u>607,662</u>	<u>823,212</u>
<b>Net cash inflow from operations</b>	<u>607,662</u>	<u>823,212</u>

### **17. Analysis of cash flows for headings netted in the cash flow statement**

	2003 £	2002 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,947	1,875
Interest paid	(28,699)	(9,998)
Hire purchase interest	(6,514)	(13,229)
	<u>(32,266)</u>	<u>(21,352)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(32,266)</u>	<u>(21,352)</u>
	2003 £	2002 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(25,781)	(502,341)
Sale of tangible fixed assets	14,990	-
	<u>(10,791)</u>	<u>(502,341)</u>
<b>Net cash outflow from capital expenditure</b>	<u>(10,791)</u>	<u>(502,341)</u>



# Ethelbert Specialist Homes Ltd

## Notes to the abbreviated accounts For the year ended 31 March 2003

	2003 £	2002 £
<b>Financing</b>		
Repayment of unsecured loans	(244,216)	(344,206)
Repayment of secured loans	(32,422)	(6,572)
New Secured loan	-	429,000
Principal payment under finance lease	(33,181)	(31,923)
<b>Net cash (outflow)/inflow from financing</b>	<b>(309,819)</b>	<b>46,299</b>

### 18. Analysis of changes in net debt

	1 April 2002 £	Cash flow £	Other non-cash changes £	31 March 2003 £
Cash at bank and in hand:	141,515	(14,209)	-	127,306
<b>Debt :</b>				
Finance leases	(105,582)	33,181	-	(72,401)
Debts due within one year	(424,678)	245,738	-	(178,940)
Debts falling due after more than one year	(378,002)	30,900	-	(347,102)
<b>Net debt</b>	<b>(766,747)</b>	<b>295,610</b>	<b>-</b>	<b>(471,137)</b>

### 19. Operating lease commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
<b>Expiry date:</b>				
Within 1 year	4,063	-	-	-
Between 2 and 5 years	8,400	13,275	-	-

### 20. Related parties

i)The company leases premises, the freeholds of which were owned by Les and Bernie Davenport. The accounts include a charge for rent of the premises amounting to £12,000 (2002- £2,808)

ii)An interest free loan was made by Mary McKenzie, Lee Davenport, Veronica Shaw, Karren Davenport and Lisa Stirling, who are Les Davenport's children, none of whom are directors, to the company in the sum of £500,000 on its commencement. The balance outstanding at 31 March 2003 was £82,904 ( 2002- £124,904)

### 21. Pension Commitments

The company contributes towards personal pension schemes for certain employees including one director. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £28,195