

Registered number: 3291503

COMPANIES HOUSE

Ethelbert Specialist Homes Ltd

Abbreviated accounts
For the year ended 31 March 2002



Ethelbert Specialist Homes Ltd

Company information

Directors

Les Davenport
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 2002

The directors present their report and the financial statements for the year ended 31 March 2002.

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 £229,704 (2001 - Loss £6,355) .

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>31/3/02</u>	<u>1/4/01</u>
Les Davenport	38	38
Bernie Davenport	38	38
Leslie Davenport	-	-

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.

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 22 November 2002 and signed on its behalf.



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 2002 set out on pages 3 to 13, together with the financial statements of the company for the year ended 31 March 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

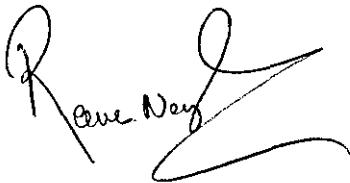
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 3 to 13 are properly prepared in accordance with those provisions.

A handwritten signature in black ink, appearing to read 'Reeves & Neylan', with a large, stylized flourish extending from the end.

Reeves & Neylan

Chartered Accountants and Registered Auditors
Dover

16 December 2002

Ethelbert Specialist Homes Ltd

**Abbreviated Profit and loss account
For the year ended 31 March 2002**

	Note	2002 £	2001 £
Gross profit		1,408,509	1,355,475
Administrative expenses		<u>(934,226)</u>	<u>(1,157,973)</u>
Operating profit	2	474,283	197,502
Interest receivable		1,875	6,555
Interest payable	5	<u>(23,227)</u>	<u>(12,420)</u>
Profit on ordinary activities before taxation		452,931	191,637
Tax on profit on ordinary activities	6	<u>(223,227)</u>	<u>(197,992)</u>
Profit/(loss) on ordinary activities after taxation		229,704	(6,355)
Dividends - On equity shares	7	<u>(50,000)</u>	<u>(31,000)</u>
Retained profit/(loss) for the financial year		179,704	(37,355)
Retained profit brought forward		<u>56,997</u>	<u>94,352</u>
Retained profit carried forward		<u><u>236,701</u></u>	<u><u>56,997</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2002 or 2001 other than those included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.


Ethelbert Specialist Homes Ltd

**Abbreviated Balance sheet
As at 31 March 2002**

	Note	£	2002 £	£	2001 £
Fixed assets					
Intangible fixed assets	8		776,250		1,035,000
Tangible fixed assets	9		613,021		142,029
			<u>1,389,271</u>		<u>1,177,029</u>
Current assets					
Stocks	10	1,000		1,000	
Debtors	11	58,903		122,830	
Cash at bank and in hand		141,515		65,262	
			<u>201,418</u>	<u>189,092</u>	
Creditors: amounts falling due within one year	12	(896,577)		(1,231,139)	
Net current liabilities			<u>(695,159)</u>		<u>(1,042,047)</u>
Total assets less current liabilities			<u>694,112</u>		<u>134,982</u>
Creditors: amounts falling due after more than one year	13		(457,311)		(77,885)
Net assets			<u>236,801</u>		<u>57,097</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account			236,701		56,997
Shareholders' funds - all equity	15		<u>236,801</u>		<u>57,097</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 22 November 2002 and signed on its behalf.

Les Davenport
Director



The notes on pages 6 to 13 form part of these financial statements.

Ethelbert Specialist Homes Ltd

**Abbreviated Cash flow statement
For the year ended 31 March 2002**

	Note	2002 £	2001 £
Net cash flow from operating activities	16	823,212	622,218
Returns on investments and servicing of finance	17	(21,352)	(5,865)
Taxation		(199,552)	(249,958)
Capital expenditure and financial investment	17	(502,341)	732
Equity dividends paid		(50,000)	(31,000)
		<hr/>	<hr/>
Cash inflow before financing		49,967	336,127
Financing	17	46,299	(530,155)
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year		96,266	(194,028)
		<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net debt (note 18)
For the year ended 31 March 2002**

	2002 £	2001 £
Increase/(Decrease) in cash in the period	96,266	(194,028)
Cash (inflow)/outflow from decrease in debt and lease financing	(46,299)	530,155
	<hr/>	<hr/>
Change in net debt resulting from cash flows	49,967	336,127
New finance lease	(20,662)	(53,573)
	<hr/>	<hr/>
Movement in net debt in the period	29,305	282,554
Net debt at 1 April 2001	(796,052)	(1,078,606)
	<hr/>	<hr/>
Net debt at 31 March 2002	(766,747)	(796,052)
	<hr/>	<hr/>

The notes on pages 6 to 13 form part of these financial statements.

**Notes to the abbreviated accounts
For the year ended 31 March 2002**

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 was reviewed for impairment in the current year. The directors original policy of amortisation was based on there being no residual value of the asset by 31 March 2003. The directors reviewed this premise during the year and established that the residual value of goodwill was not expected to expire until 31 March 2005.

Ethelbert Specialist Homes Ltd

Notes to the abbreviated accounts For the year ended 31 March 2002

2. Operating profit

The operating profit is stated after charging:

	2002	2001
	£	£
Amortisation - intangible fixed assets	258,750	517,500
Depreciation of tangible fixed assets:		
- owned by the company	22,356	9,180
- held under finance leases	29,655	32,653
Auditors' remuneration	5,000	5,000
Operating lease rentals:		
- plant and machinery	13,703	20,796
- other operating leases	32,113	41,722
	<u>258,750</u>	<u>517,500</u>

3. Staff costs

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

	2002	2001
	£	£
Wages and salaries	1,789,952	1,670,850
Social security costs	173,855	167,267
Other pension costs	26,567	19,399
	<u>1,990,374</u>	<u>1,857,516</u>

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

	2002	2001
	No.	No.
Management	12	9
Administration	11	11
Maintenance	11	7
Residential social workers	48	55
Education Facility staff	21	16
	<u>103</u>	<u>98</u>

4. Directors' remuneration

	2002	2001
	£	£
Emoluments	<u>113,204</u>	<u>117,403</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 2002**

5. Interest payable

	2002	2001
	£	£
On bank loans and overdrafts	9,998	561
On finance leases and hire purchase contracts	13,229	11,859
	<u>23,227</u>	<u>12,420</u>

6. Taxation

	2002	2001
	£	£
Analysis of tax charge in year		
UK corporation tax on profits of the year	220,000	196,325
Adjustments in respect of prior periods	3,227	1,667
Tax on profit on ordinary activities	<u>223,227</u>	<u>197,992</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% (2001 - 30%) on the profits of ordinary activities.

There were no factors that may affect future tax charges.

7. Dividends

	2002	2001
	£	£
Total dividends paid	<u>50,000</u>	<u>31,000</u>

Ethelbert Specialist Homes Ltd

Notes to the abbreviated accounts For the year ended 31 March 2002

8. Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 April 2001 and 31 March 2002	2,070,000	2,070,000
Amortisation		
At 1 April 2001	1,035,000	1,035,000
Charge for the year	258,750	258,750
At 31 March 2002	1,293,750	1,293,750
Net book value		
At 31 March 2002	776,250	776,250
At 31 March 2001	1,035,000	1,035,000

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 £
Cost					
At 1 April 2001	-	13,640	169,123	35,085	217,848
Additions	477,560	22,412	22,569	462	523,003
At 31 March 2002	477,560	36,052	191,692	35,547	740,851
Depreciation					
At 1 April 2001	-	2,273	63,947	9,599	75,819
Charge for the year	7,151	9,029	31,938	3,893	52,011
At 31 March 2002	7,151	11,302	95,885	13,492	127,830
Net book value					
At 31 March 2002	470,409	24,750	95,807	22,055	613,021
At 31 March 2001	-	11,367	105,176	25,486	142,029

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

	2002 £	2001 £
Motor vehicles	88,962	97,955

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

Ethelbert Specialist Homes Ltd

**Notes to the abbreviated accounts
For the year ended 31 March 2002**

10. Stocks

	2002	2001
	£	£
Consumable goods	1,000	1,000

11. Debtors

	2002	2001
	£	£
Due within one year		
Trade debtors	44,798	99,485
Other debtors	14,105	23,345
	58,903	122,830

Included within other debtors is a figure of £4,989 (2001 £420) owed by Ethelbert Residential Family Placements Limited which is an associated company set up on 1 April 2001. The loan is interest free and repayable on demand.

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

	2002	2001
	£	£
Bank loans and overdrafts	169,326	308,013
Payments received on account	16,533	38,007
Net obligations under finance leases and hire purchase contracts	26,273	38,958
Trade creditors	35,500	39,765
Corporation tax	220,000	196,325
Social security and other taxes	90,032	91,254
Other creditors	329,663	512,817
Accruals and deferred income	9,250	6,000
	896,577	1,231,139

Included within other creditors is a directors loan account, in respect of monies due to Les and Bernie Davenport, in the sum of £217,348 (2001 £376,458), and in respect of Leslie Davenport in the sum of £38,000 (2001 £60,000). 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 2002**

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

	2002 £	2001 £
Bank loans	378,002	-
Net obligations under finance leases and hire purchase contracts	79,309	77,885
	<u>457,311</u>	<u>77,885</u>

Included within the above are amounts falling due as follows:

	2002 £	2001 £
Between two and five years		
Bank loans	177,688	-
	<u>177,688</u>	<u>-</u>
Over five years		
Bank loans	200,314	-
	<u>200,314</u>	<u>-</u>

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

	2002 £	2001 £
Repayable by instalments	200,314	-
	<u>200,314</u>	<u>-</u>

The loans are secured by a fixed and floating charge over the assets of the company and personal guarantees from Les and Berne Davenport .The total secured liabilities amounts to £547,328 .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:

	2002 £	2001 £
Between two and five years	79,309	77,885
	<u>79,309</u>	<u>77,885</u>

14. Share capital

	2002 £	2001 £
Authorised, allotted, called up and fully paid		
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 2002

15. Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Profit/(loss) for the year	229,704	(6,355)
Dividends	(50,000)	(31,000)
	<u>179,704</u>	<u>(37,355)</u>
Opening shareholders' funds	57,097	94,452
Closing shareholders' funds	<u>236,801</u>	<u>57,097</u>

16. Net cash flow from operations

	2002 £	2001 £
Operating profit	474,283	197,502
Amortisation of intangible fixed assets	258,750	517,500
Depreciation of tangible fixed assets	52,011	41,833
Profit on disposal of tangible fixed assets	-	(3,866)
Decrease/(increase) in debtors	63,927	(62,829)
Decrease in creditors	(25,759)	(67,922)
Net cash inflow from operations	<u>823,212</u>	<u>622,218</u>

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

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	1,875	6,555
Interest paid	(9,998)	(561)
Hire purchase interest	(13,229)	(11,859)
Net cash outflow from returns on investments and servicing of finance	<u>(21,352)</u>	<u>(5,865)</u>
	2002 £	2001 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(502,341)	(14,734)
Sale of tangible fixed assets	-	15,466
Net cash (outflow)/inflow from capital expenditure	<u>(502,341)</u>	<u>732</u>

Ethelbert Specialist Homes Ltd

Notes to the abbreviated accounts For the year ended 31 March 2002

	2002 £	2001 £
Financing		
New secured loans	429,000	-
Repayment of unsecured loans	(344,206)	(490,437)
Repayment of secured loans	(6,572)	-
Principal payment under finance lease	(31,923)	(39,718)
Net cash inflow/(outflow) from financing	46,299	(530,155)

18. Analysis of changes in net debt

	1 April 2001 £	Cash flow £	Other non-cash changes £	31 March 2002 £
Cash at bank and in hand:	65,262	76,253	-	141,515
Bank overdraft	(20,013)	20,013	-	-
	<u>45,249</u>	<u>96,266</u>	<u>-</u>	<u>141,515</u>
Debt :				
Finance leases	(116,843)	31,923	(20,662)	(105,582)
Debts due within one year	(724,458)	(78,222)	378,002	(424,678)
Debts falling due after more than one year	-	-	(378,002)	(378,002)
Net debt	(796,052)	49,967	(20,662)	(766,747)

19. Related parties

i)The company leases premises, the freeholds of which are owned by Les and Bernie Davenport. The accounts include a charge for rent of the premises amounting to £2,808 (2001 - £10,500).

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. The balance outstanding at 31 March 2002 was £124,904 (2001 - £288,000)

20. 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 £26,567.