

CAMBRIDGE ARTS & SCIENCES LIMITED

REPORT AND ACCOUNTS
FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994

Company Number: 2354796



CAMBRIDGE ARTS & SCIENCES LIMITED

REPORT AND ACCOUNTS

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CAMBRIDGE ARTS & SCIENCES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts for the 11 months ended 31 July 1994. During the period the company changed its accounting year end from 31 August to 31 July.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is acting as a sixth form college.

The results for the period are considered satisfactory.

RESULTS

The profit after taxation for the period amounted to £102,709 (1993: £50,606). The directors propose that a dividend of £28,000 be paid to preference shareholders and that the resulting balance of £74,709 be transferred to reserves.

DIRECTORS

The following directors held office during the period:

N.P.D. Golding (Chairman)
E.R. Armstrong
A.M. Armstrong

DIRECTORS' INTERESTS

The directors who held office at 31 July 1994 and at 1 September 1993 had the following interests in the shares of the company:

	£1 Non-voting Convertible <u>Preference Shares</u>	£1 Ordinary <u>Shares</u>
	<u>Number</u>	<u>Number</u>
E.R. Armstrong	1	50
A.M. Armstrong	1	50
N.P.D. Golding	-	51

CAMBRIDGE ARTS & SCIENCES LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

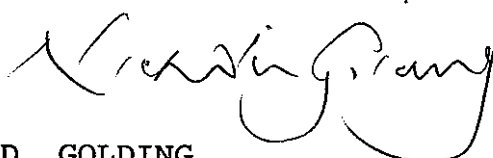
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 accounts comply with the Companies Act. 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Imray & Co. as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



N.P.D. GOLDING

Secretary

3 April 1995

AUDITORS' REPORT TO THE MEMBERS OF CAMBRIDGE ARTS & SCIENCES LIMITED

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 July 1994 and of its profit for the 11 months to 31 July 1994 and have been properly prepared in accordance with the Companies Act 1985.



IMRAY & CO.

Chartered Accountants and
Registered Auditor

Cambridge

4 April 1995

CAMBRIDGE ARTS & SCIENCES LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared on the historical cost basis of accounting. The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

TURNOVER

Turnover represents fees and commissions invoiced by the company, excluding value added tax.

INTANGIBLE FIXED ASSET

Goodwill is stated in the balance sheet at cost, less accumulated amortisation. Amortisation is provided at the rate of 20% per year in order to write off goodwill over its estimated useful life.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at cost, less accumulated depreciation.

DEPRECIATION

Depreciation is provided at the following annual rates on a straight line basis in order to write off each asset over its estimated useful life:

Freehold buildings	1%
Improvements to freehold property	5%
Computer equipment	25%
Motor vehicles	25%
Fixtures, fittings, furniture and equipment	20%
Library books	25%

CAMBRIDGE ARTS & SCIENCES LIMITED

ACCOUNTING POLICIES (Continued)

DEFERRED TAXATION

Deferred taxation is provided using the liability method. Provision is made at current rates of taxation in respect of all material timing differences which can be expected with reasonable certainty to crystallise in the foreseeable future.

FINANCE LEASES AND HIRE PURCHASE AGREEMENTS

Assets acquired under finance leases and hire purchase agreements are treated as if they had been purchased, and an amount equivalent to their cost is included in tangible fixed assets.

Depreciation is provided in accordance with the depreciation policy.

Finance leases and hire purchase payments are treated as consisting of capital and finance charge elements and the finance charge is charged to the profit and loss account.

All other leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

CAMBRIDGE ARTS & SCIENCES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE 11 MONTHS ENDED 31 JULY 1994

	<u>Note</u>	11 months to 31 July 1994	Year ended 31 August 1993
		£	£
TURNOVER		1,117,082	865,321
Net operating expenses	1	<u>945,575</u>	<u>761,020</u>
OPERATING PROFIT		171,507	104,301
Interest receivable		1,802	701
Interest payable	3	<u>(31,104)</u>	<u>(36,392)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		142,205	68,610
Taxation	4	<u>39,496</u>	<u>18,004</u>
PROFIT FOR THE PERIOD		102,709	50,606
Dividend proposed on preference shares		<u>28,000</u>	<u>10,120</u>
RETAINED PROFIT FOR THE PERIOD	12	£ <u>74,709</u>	£ <u>40,486</u>

In 1993 and 1994 the company had no recognised gains and losses other than the profit for the period.

CAMBRIDGE ARTS & SCIENCES LIMITED

BALANCE SHEET AT 31 JULY 1994

	<u>Note</u>	31 July <u>1994</u>	31 August <u>1993</u>
		£	£
FIXED ASSETS			
Intangible fixed asset	5	6,250	9,000
Tangible fixed assets	6	<u>776,262</u>	<u>504,276</u>
		<u>782,512</u>	<u>513,276</u>
CURRENT ASSETS			
Debtors	8	151,989	105,555
Cash in hand		<u>1,580</u>	<u>390</u>
		153,569	105,945
CURRENT LIABILITIES			
CRÉDITORS: Amounts falling due within one year	9	<u>349,095</u>	<u>259,356</u>
NET CURRENT LIABILITIES		<u>(195,526)</u>	<u>(153,411)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£586,986</u>	<u>£359,865</u>
FINANCED BY:			
CREDITORS: Amounts falling due after more than one year	9	375,330	226,618
PROVISIONS FOR LIABILITIES AND CHARGES:			
Deferred taxation	10	3,700	-
CAPITAL AND RESERVES			
Called-up share capital	11	153	153
Share premium account	12	36,314	36,314
Profit and loss account	12	<u>171,489</u>	<u>96,780</u>
Shareholders' Funds - (including non equity interests)	12	<u>207,956</u>	<u>133,247</u>
		<u>£586,986</u>	<u>£359,865</u>

The accounts on pages 5 to 17 were approved by the Board of Directors on *3rd April 1995* and were signed on its behalf by:

N.P.D. GOLDING

E.R. ARMSTRONG

[Signature]
[Signature]
Directors

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994

1. NET OPERATING EXPENSES

	11 months to 31 July 1994	Year ended 31 August 1993
	£	£
Staff costs (Note 2)	582,996	543,559
Amortisation of goodwill	2,750	3,000
Depreciation		
- owned assets	28,939	21,569
- assets held under finance leases and hire purchase agreements	992	9,630
Auditors' remuneration	3,000	5,500
Operating leases - hire of equipment	7,362	5,426
- property rents	25,612	8,077
Other operating expenses	293,924	168,192
Rent received	-	(3,933)
	<u>£945,575</u>	<u>£761,020</u>

2. DIRECTORS AND EMPLOYEES

	11 months to 31 July 1994	Year ended 31 August 1993
	£	£
Staff costs comprise:		
Wages and salaries	536,343	499,720
Social security costs	<u>46,653</u>	<u>43,839</u>
	<u>£582,996</u>	<u>£543,559</u>

The average number of employees, including directors, was 47 (1993: 43).

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

2. DIRECTORS AND EMPLOYEES (Continued)

	11 months to 31 July <u>1994</u>	Year ended 31 August <u>1993</u>
Directors' emoluments	<u>£91,675</u>	<u>£94,910</u>
Emoluments disclosed above include amounts paid to:		
The Chairman (and highest paid director in 1994)	<u>£31,760</u>	<u>£31,206</u>
The highest paid director		<u>£32,498</u>
The number of directors who received emoluments in the following ranges were:		
	<u>1994</u>	<u>1993</u>
£25,001 - £30,000	<u>1</u>	-
£30,001 - £35,000	<u>2</u>	<u>3</u>
	<u>3</u>	<u>3</u>

3. INTEREST PAYABLE

	11 months to 31 July <u>1994</u>	Year ended 31 August <u>1993</u>
	£	£
On loans repayable, other than by instalments, within 5 years:		
Bank overdraft	2,017	4,548
Other	5	-
On loans repayable by instalments within 5 years:		
Finance leases and hire purchase agreements	614	2,182
On loans repayable in more than 5 years	<u>28,468</u>	<u>29,662</u>
	<u>£31,104</u>	<u>£36,392</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

4. TAXATION

	11 months to 31 July 1994	Year ended 31 August 1993
	£	£
UK corporation tax based on profits for the period at 25%:		
Current	37,500	21,250
Deferred	<u>3,700</u>	<u>(2,750)</u>
	41,200	18,500
In respect of previous year:		
Current	<u>(1,704)</u>	<u>(496)</u>
	<u>£39,496</u>	<u>£18,004</u>

5. INTANGIBLE FIXED ASSET

	<u>Goodwill</u>
	£
COST	
At 1 September 1993 and 31 July 1994	<u>15,000</u>
AMORTISATION	
At 1 September 1993	6,000
Charge for the period	<u>2,750</u>
At 31 July 1994	<u>8,750</u>
NET BOOK VALUE	
At 31 July 1994	<u>£ 6,250</u>
At 31 August 1993	<u>£ 9,000</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

6. TANGIBLE FIXED ASSETS

	<u>Freehold property</u>	<u>Library books</u>	<u>Fixtures, fittings, furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£
COST					
At 1 September 1993	462,839	5,068	103,271	20,212	591,390
Additions	262,219	301	41,082	-	303,602
Disposals	-	-	-	(10,106)	(10,106)
At 31 July 1994	<u>725,058</u>	<u>5,369</u>	<u>144,353</u>	<u>10,106</u>	<u>884,886</u>
DEPRECIATION					
At 1 September 1993	9,225	2,424	61,149	14,316	87,114
Charge for the period	4,458	1,205	20,478	3,790	29,931
Disposals	-	-	-	(8,421)	(8,421)
At 31 July 1994	<u>13,683</u>	<u>3,629</u>	<u>81,627</u>	<u>9,685</u>	<u>108,624</u>
NET BOOK VALUE					
At 31 July 1994	<u>£711,375</u>	<u>£1,740</u>	<u>£ 62,726</u>	<u>£ 421</u>	<u>£776,262</u>
At 31 August 1993	<u>£453,614</u>	<u>£2,644</u>	<u>£ 42,122</u>	<u>£ 5,896</u>	<u>£504,276</u>

Included in the freehold property is land, the book value of which is estimated at £270,000 (1993: £210,000), and which is not depreciated.

The net book value of assets held under finance leases and hire purchase agreements is £2,526 (1993: £5,137).

7. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £134,860 (1993: £nil).

Amounts authorised by the directors but not contracted for were £44,810 (1993: £nil).

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

8. DEBTORS

	<u>1994</u>	<u>1993</u>
	£	£
Amounts falling due within one year:		
Trade debtors	109,263	64,740
Prepayments	20,100	26,162
Other debtors	<u>15,626</u>	<u>11,715</u>
	144,989	102,617
Amounts falling due after more than one year:		
Other debtors	<u>7,000</u>	<u>2,938</u>
	<u>£151,989</u>	<u>£105,555</u>

9. CREDITORS

	<u>1994</u>	<u>1993</u>
	£	£
Amounts falling due within one year:		
Bank loan (secured)	13,200	10,000
Bank overdraft (secured)	129,249	125,726
Finance leases and hire purchase agreements	364	2,033
Trade creditors	101,943	49,545
Corporation tax	41,970	23,681
Other taxation and social security	10,309	17,169
Other creditors	40,150	15,670
Accruals	<u>11,910</u>	<u>15,532</u>
	<u>£349,095</u>	<u>£259,356</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

9. CREDITORS (Continued)

	<u>1994</u>	<u>1993</u>
	£	£
Amounts falling due after more than one year:		
Bank loans (secured)	375,330	226,294
Finance leases and hire purchase agreements	—	324
	<u>£375,330</u>	<u>£226,618</u>

The bank overdraft is secured by a charge over the assets of the company.

The bank loan of £139,178 and the business development loan of £249,352 are secured by a mortgage over the company's freehold properties, and are repayable over 15 years by monthly instalments, including interest, of £1,424 and £2,641 respectively. Interest is payable at 3.375% over National Westminster Bank base rate on the loan and at 10% on the business development loan. Instalments amounting to approximately £259,020 are repayable in more than 5 years.

Hire purchase commitments are repayable as follows, by equal instalments:

	<u>1994</u>	<u>1993</u>
	£	£
Within one year	502	2,682
Between two and five years	—	428
	502	3,110
<u>Less: Future finance charges</u>	<u>(138)</u>	<u>(753)</u>
	<u>£364</u>	<u>£2,357</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

10. DEFERRED TAXATION

	<u>1994</u>	<u>1993</u>
Amount provided:		
Tax effect of timing differences due to:		
Excess of tax allowances over depreciation	<u>£3,700</u>	<u>£ -</u>

There is no unprovided liability to deferred tax at 31 July 1994.

11. CALLED-UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
Authorised:		
998 Ordinary Shares of £1 each	998	998
2 Non-voting convertible preference shares of £1 each	<u>2</u>	<u>2</u>
	<u>£1,000</u>	<u>£1,000</u>
Allotted, called-up and fully paid:		
151 Ordinary Shares of £1 each	151	151
2 Non-voting convertible preference shares of £1 each	<u>2</u>	<u>2</u>
	<u>£ 153</u>	<u>£ 153</u>

The company has the right to convert the allotted Preference Shares to Ordinary Shares at any time after dividends of £90,000 have been paid to the holders of the Preference Shares. At 31 July 1994 dividends of £38,120 had been paid or proposed.

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

12. STATEMENT OF MOVEMENT IN RESERVES AND RECONCILIATION OF
MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share premium account</u>	<u>Share capital</u>	<u>Profit and loss account</u>	<u>Total shareholders' funds - reconciliation of movements</u>
	£	£	£	£
At 1 September 1993	36,314	153	96,780	133,247
Profit for the period	-	-	102,709	102,709
Dividend	-	-	(28,000)	(28,000)
At 31 July 1994	<u>£36,314</u>	<u>£153</u>	<u>£171,489</u>	<u>£207,956</u>

Shareholders' funds are comprised of:

	£
Equity interests	207,954
Non equity interests	<u>2</u>
	<u>£207,956</u>

13. LEASE COMMITMENTS

Commitments under non-cancellable operating leases in the next year are as follows:

	<u>Buildings</u>		<u>Equipment</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Expiring within one year	-	-	1,992	-
Expiring between two and five years	-	-	2,954	5,426
Expiring in more than five years	<u>24,000</u>	<u>22,000</u>	<u>-</u>	<u>-</u>
	<u>£24,000</u>	<u>£22,000</u>	<u>£4,946</u>	<u>£5,426</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994 (Continued)

14. DIRECTORS' LOANS

During the period movements on loans made to the directors were as follows:

	At 1 September <u>1993</u>	Advanced	Liabilities <u>assumed</u>	Repayments	At 31 July <u>1994</u>
A. Armstrong	1,544	3,000	928	(5,060)	412
E. Armstrong	1,505	-	909	-	2,414
N.P.D. Golding	<u>1,397</u>	<u>-</u>	<u>912</u>	<u>-</u>	<u>2,309</u>
	<u>£4,446</u>	<u>£3,000</u>	<u>£2,749</u>	<u>£(5,060)</u>	<u>£5,135</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
		£	£
TURNOVER			
Tuition		1,066,211	832,014
Registration and arrangement fees		<u>50,871</u>	<u>33,307</u>
		<u>1,117,082</u>	<u>865,321</u>
DIRECT EXPENSES			
Tutor payments		303,320	267,006
Directors' tuition payments		10,279	10,896
Commission		<u>24,539</u>	<u>16,055</u>
		<u>338,138</u>	<u>293,957</u>
GROSS PROFIT		778,944	571,364
Net operating expenses	1	<u>607,437</u>	<u>467,063</u>
OPERATING PROFIT		171,507	104,301
Interest received		1,802	701
Interest paid		<u>(31,104)</u>	<u>(36,392)</u>
NET PROFIT BEFORE TAX AND DIVIDEND		£ <u>142,205</u>	£ <u>68,610</u>

CAMBRIDGE ARTS & SCIENCES LIMITED

NOTES TO TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 SEPTEMBER 1993 TO 31 JULY 1994

1. NET OPERATING EXPENSES

	<u>1994</u>	<u>1993</u>
	£	£
Salaries and wages	179,798	172,674
Directors' fees	89,129	90,974
Casual labour	470	2,009
Professional fees	15,192	21,655
Legal fees	6,163	3,422
Audit and accountancy fees	16,236	7,841
Personnel costs	14,409	2,764
Welfare and sports costs	11,676	9,387
Stationery & printing	14,893	10,726
Books and study aids	3,497	2,961
Postage and couriers	3,958	2,817
Motor expenses	3,473	5,127
Travel and subsistence	4,082	3,181
Telephone	6,968	6,682
Equipment repairs & maintenance	1,072	1,795
Equipment rental	7,362	5,537
Exam costs	1,137	1,532
Advertising & promotion	87,692	33,255
General office expenses	-	1,701
Entertaining	1,104	788
College and staff expenses	4,240	-
Property repairs & maintenance	14,977	7,828
Rates	18,004	17,618
Light & heat	4,223	4,343
Insurance	9,706	6,769
Room hire	3,612	2,322
Rent	22,000	8,077
Depreciation and amortisation	32,680	34,198
Bad debts/clearing accounts	12,230	(2,166)
Loss on disposal of fixed assets	1,095	467
Bank charges	13,290	4,692
Discounts given	3,069	-
Rent received	-	(3,933)
NET OPERATING EXPENSES	<u>£ 607,437</u>	<u>£467,063</u>