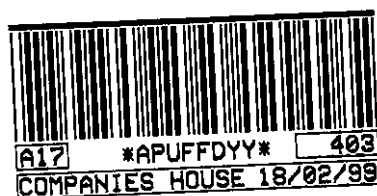


**SOUTH FIELDS ENTERPRISES LIMITED**

**Report and Financial Statements**

**Year ended 31 July 1998**



**Deloitte & Touche  
St John's House  
East Street  
Leicester  
LE1 6NG**

**REPORT AND FINANCIAL STATEMENTS 1998**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>6</b>
<b>Note of historical cost profits and losses</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>



**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

E P Iliffe  
C Birch  
C Morris

**SECRETARY**

J S Mair

**REGISTERED OFFICE**

Aylestone Road  
Leicester  
LE2 7LW

**BANKERS**

Barclays Bank plc  
PO Box 18  
Old Market Square  
Nottingham  
NG1 6FF

**SOLICITORS**

Eversheds  
1 Royal Standard Place  
Nottingham  
NG1 6PZ

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
St John's House  
East Street  
Leicester  
LE1 6NG

**DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 July 1998.

**ACTIVITIES**

The principal activities of the Company are property investment, hairdressing salons, National Printing Skills Centre and college shops.

**REVIEW OF DEVELOPMENTS**

During the year the company made a loss of £166,852 (1997 £92,587 loss) after a Deed of Covenant charge of £141,932 (1997: £100,543).

**DIVIDENDS AND TRANSFERS TO RESERVES**

There were no dividends paid or proposed during the year. Retained losses of £166,852 (1997 losses of £92,587) have been taken to reserves.

**DIRECTORS AND THEIR INTERESTS**

The directors who served the company during the year were as follows:

D R Grocock (resigned 31 December 1998)

A F Warren (resigned 19 February 1998)

E P Iliffe

C Birch

C Morris (appointed 19 February 1998)

The directors regret to announce the death of Mr P D Smith, a previous director of the company, on 28 October 1997.

None of the directors have any interest in the shares of the company.

**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 as at the end of the financial year 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.

**DIRECTORS' REPORT****YEAR 2000 COMPLIANCE**

A programme, designed to address the impact of the year 2000 on the business has been commissioned by the parent corporation and is under way. Resources have been allocated and the corporation receives regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issue on all activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business. Priority is given to those systems which could cause a significant financial or legal impact on the business if they were to fail. The plan also includes a requirement for the testing of system changes, involving the participation of users.

The risk analysis also considers the impact on the business of year 2000 related failure by significant suppliers and customers. In appropriate cases the company has initiated formal communication with these other parties.

The corporation is confident that its policy of continuous upgrade of hardware and software will achieve year 2000 compliance on all systems with the minimum of extra expenditure.

**AUDITORS**

Deloitte & Touche expressed a willingness to remain in office. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

J S Mair  
Secretary

4 February 1999



## AUDITORS' REPORT TO THE MEMBERS OF

### SOUTH FIELDS ENTERPRISES LIMITED

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

#### Respective Responsibilities of Directors and Auditors

As described on page 2 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 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 31 July 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

*15 February 1999*



**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 July 1998**

	<b>Note</b>	<b>1998</b> <b>£</b>	<b>1997</b> <b>£</b>
<b>TURNOVER</b>	2	879,835	888,260
Cost of sales		<u>489,938</u>	<u>525,557</u>
<b>Gross profit</b>		389,897	362,703
Administrative expenses		<u>(556,749)</u>	<u>(455,290)</u>
<b>OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(166,852)	(92,587)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(166,852)</u>	<u>(92,587)</u>

Both turnover and operating loss relate to continuing activities.

There are no recognised gains or losses for the current or prior year except as stated in the profit and loss account above.


**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**
**Year ended 31 July 1998**

	1998 £	1997 £
Balance at 1 August	415,124	507,711
Loss for the financial year	(166,852)	(92,587)
Closing shareholders' funds	<u>248,272</u>	<u>415,124</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**
**Year ended 31 July 1998**

	1998 £	1997 £
Loss on ordinary activities before taxation	(166,852)	(92,587)
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>165,661</u>	<u>165,661</u>
Historical cost (loss)/profit before taxation	<u>(1,191)</u>	<u>73,074</u>




**BALANCE SHEET**
**31 July 1998**

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	5	259,192	428,509
<b>CURRENT ASSETS</b>			
Stocks	6	7,123	7,230
Debtors	7	278,373	271,677
Cash at bank and in hand		323,927	206,031
		609,423	484,938
<b>CREDITORS: amounts falling due within one year</b>	8	(620,343)	(498,323)
<b>NET CURRENT LIABILITIES</b>		(10,920)	(13,385)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		248,272	415,124
<b>CAPITAL AND RESERVES</b>			
Share capital	10	100	100
Revaluation reserve	9	248,491	414,152
Profit and loss account	9	(319)	872
<b>TOTAL EQUITY SHAREHOLDERS FUNDS</b>		248,272	415,124

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

4 February 1999.

*C Birch*

C Birch  
Director

*E. P. Iliffe*

E P Iliffe  
Director



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

**Tangible fixed assets**

Donated equipment is included in the balance sheet at valuation and depreciated over its useful economic life at 20% per annum. Purchased equipment is also depreciated over its useful economic life at 20% per annum.

**Stocks**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is the purchase price of materials.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

**3. OPERATING LOSS**

	1998 £	1997 £
<b>Operating loss is after charging:</b>		
Depreciation	171,131	170,707
Auditors' remuneration	1,654	1,945
	<u>172,785</u>	<u>172,652</u>

Directors' remuneration is included in Leicester South Fields College's financial statements. The directors of the company are also directors, governors or employees of that College. It is not practicable to allocate their remuneration between their services to the College and their services to the Company.

**4. TAX ON LOSS ON ORDINARY ACTIVITIES**

There is no tax charge for the year.

Included within administrative expenses is a deed of covenant charge of £141,932 (1997: £100,543).


**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1998**
**5. TANGIBLE FIXED ASSETS**

	1998 Equipment £
<b>Cost or valuation</b>	
At 1 August 1997	855,346
Additions	1,814
	<hr/>
At 31 July 1998	857,160
	<hr/>
<b>Accumulated Depreciation</b>	
At 1 August 1997	426,837
Charge for the year	171,131
	<hr/>
At 31 July 1998	597,968
	<hr/>
<b>Net Book Value</b>	
At 31 July 1998	259,192
	<hr/>
At 31 July 1997	428,509
	<hr/>

Tangible fixed assets include plant and equipment at a valuation of £828,304. These assets were donated to the company and, therefore, have a historical cost of £nil. The net book value of the assets at the year end is £248,492 (1997: £414,152).

**6. STOCKS**

	1998 £	1997 £
Raw materials and consumables	7,123	7,230
	<hr/>	<hr/>

**7. DEBTORS**

	1998 £	1997 £
<b>Due within one year</b>		
Trade debtors	35,793	42,606
Amounts owed by parent Corporation	238,877	233,489
Other debtors	3,703	(4,517)
Called up share capital unpaid	-	99
	<hr/>	<hr/>
	278,373	271,677
	<hr/>	<hr/>


**NOTES TO THE ACCOUNTS**
**Year ended 31 July 1998**
**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Trade creditors	18,170	22,359
Accruals	20,676	10,191
Owed to parent Corporation	548,853	442,648
Other creditors	32,644	23,125
	<u>620,343</u>	<u>498,323</u>

**9. STATEMENT OF MOVEMENTS ON RESERVES**

	Profit and loss account £	Revaluation Reserve £
At 1 August 1997	872	414,152
Loss for the year	(166,852)	-
Transfer to profit and loss account	165,661	(165,661)
At 31 July 1998	<u>(319)</u>	<u>248,491</u>

On 31 July 1994 equipment donated to the company for the National Printing Skills Centre was revalued from £nil to £828,304. It is included in these financial statements at invoice cost to the donor.

**10. SHARE CAPITAL**

	31 July 1998 £	31 July 1997 £
Authorised 100 ordinary shares of £1 each	100	100
Issued, allotted and paid	100	1
Issued, allotted and unpaid	-	99

**11. ULTIMATE PARENT CORPORATION AND CONTROLLING PARTY**

South Fields Enterprises Limited is a wholly owned subsidiary of Leicester South Fields College and included in that college's consolidated financial statements. Consolidated accounts are available from Leicester South Fields College, Aylestone Road, Leicester, LE2 7LW, the college and subsidiary company's principal place of business.