

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

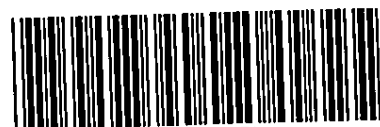
2902475

Financial Statements - 30 April 2008

CONTENTS

	Page
General information	1
Directors' Report	2-3
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-13

FRIDAY



A40 *ADM14397* 242
19/09/2008
COMPANIES HOUSE

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

General information

DIRECTORS

A Montgomery
D Baldwin
P Deane
B Trenowden

SECRETARY

A Montgomery

REGISTERED OFFICE

Herstmonceux Castle
Hailsham
East Sussex
BN27 1RP

AUDITORS

Mazars LLP
37 Frederick Place
Brighton
BN1 4EA

REGISTERED NUMBER

2902475

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 April 2008

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 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Each director has taken all steps that they ought to have taken in order to make themselves aware of any information relevant to the audit, establish that auditors are aware of that information and that there is no information relevant to the audit of which the company's auditors are unaware.

PRINCIPAL ACTIVITIES

The principal activities of Herstmonceux Castle Enterprises Limited (HCE) remained unchanged during the year. The company's income is derived from the general day to day running of Herstmonceux Castle and its grounds.

BUSINESS REVIEW

This year proved to be a difficult one for HCE. As discussed in last year's report, due to the current cyclical nature of business HCE was already predicting a lower return for 2007/08, but the loss of two conferences and extreme weather conditions during the height of the season had a major impact on revenue and profit.

However, the increase in advertising and promotion of facilities within the Castle are showing results and the continuing buoyant wedding market, together with confirmed increased numbers of conferences for 2008 and 2009, should reverse this result. With positive bookings already showing for 2009/10 the bi-annual downturn in bookings appears to have been broken.

The work that was implemented in 2005/06 on the Estate is ongoing and further grants have been sourced to help develop the woodlands and areas of interest on the marshlands. There is every prospect that this continuing stewardship will also assist with the growth of revenue through the estate.

Although this financial year has been disappointing for HCE, the recent efforts of the conference office are now beginning to show results and we look forward to a more positive outcome for 2008/09.

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Directors' Report (continued)

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year and their interests in the company are as stated below. The directors have held office during the period from 1 May 2007 to the date of this report unless otherwise stated.

A Montgomery
B Trenowden
D Baldwin
P Deane

POLITICAL AND CHARITABLE CONTRIBUTIONS

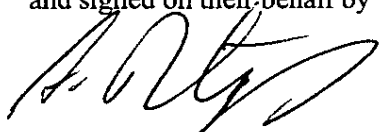
The company made no political contributions or charitable donations either in the year or the previous year.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint Mazars LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on **12 SEPTEMBER 2008**
and signed on their behalf by



A Montgomery
Secretary

Herstmonceux Castle
Hailsham
East Sussex
BN27 1RP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERSTMONCEUX CASTLE ENTERPRISES LIMITED

We have audited the financial statements of Herstmonceux Castle Enterprises Limited for the year ended 30 April 2008 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


Mazars LLP

Chartered Accountants and Registered Auditors
37 Frederick Place, Brighton BN1 4EA

18 September 2008

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Profit and Loss Account For the Year Ended 30 April 2008

	Notes	2008 £	2007 £
TURNOVER		513,697	576,033
Cost of sales		(139,920)	(160,147)
GROSS PROFIT		<u>373,777</u>	<u>415,886</u>
Administrative expenses		(362,657)	(342,640)
OPERATING PROFIT		11,120	73,246
Other interest receivable and similar income	4	4,025	3,984
Deed of covenant		(13,966)	(76,386)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,179</u>	<u>844</u>
Taxation	5	-	-
RETAINED PROFIT FOR THE YEAR		<u>£1,179</u>	<u>£844</u>

The company's turnover and expenses all relate to continuing operations

The company has no recognised gains or losses other than the profit for the year

The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis

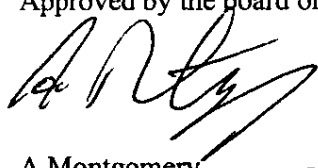
HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Balance Sheet at 30 April 2008

	Notes	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible assets	6		1,857		416
CURRENT ASSETS					
Stock	7	44,694		47,040	
Debtors	8	35,804		30,664	
Cash at bank and in hand		119,561		158,375	
		<u>200,059</u>		<u>236,079</u>	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(182,986)</u>		<u>(218,744)</u>	
NET CURRENT ASSETS			<u>17,073</u>		<u>17,335</u>
NET ASSETS			<u>£18,930</u>		<u>£17,751</u>
CAPITAL AND RESERVES					
Called up share capital	10		10,000		10,000
Profit and loss account	11		<u>8,930</u>		<u>7,751</u>
SHAREHOLDERS' FUNDS			<u>£18,930</u>		<u>£17,751</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the board on **12 September 2008** and signed on their behalf by



A Montgomery - Director

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

As the company is a wholly owned subsidiary of International Study Centre, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of International Study Centre, within which this company is included, can be obtained from Herstmonceux Castle, Hailsham, East Sussex BN27 1RP

(b) Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows

Furniture and fittings	-	20% per annum
Equipment	-	20% per annum
Plant and machinery	-	20% per annum

(c) Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stock

(d) Operating leases

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term

(e) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
The profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration audit	3,780	3,698
Auditors' remuneration non-audit	800	-
Depreciation	534	139
Hire of plant and machinery - rentals payable under operating leases	2,256	3,132
	<u> </u>	<u> </u>

3 STAFF NUMBERS AND COSTS

None of the directors received any emoluments from the company. The average number of persons employed by the company, excluding directors, during the year was 24 (2007 - 19)

The aggregate payroll costs of these persons were as follows

	2008 £	2007 £
Wages and salaries	189,612	164,831
Social security costs	9,347	9,448
	<u>£198,959</u>	<u>£174,279</u>

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
Bank deposit interest	£4,025	£3,984
	<u> </u>	<u> </u>

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

5 TAXATION

A Deed of Covenant exists in favour of International Study Centre. Consequently there is no corporation tax liability based upon the results for the year.

	2008 £	2007 £
(a) Analysis of charge in the year		
Current tax		
UK corporation tax on profits for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax (see (b) below)	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for year

The tax assessment for the year is different from the standard rate of corporation tax applicable to the company (19%). The differences are explained below.

	2008 £	2007 £
Profit on ordinary activities before tax	1,191	844
	<u>1,191</u>	<u>844</u>
Profit on ordinary activities multiplied by the rate of corporation tax applicable to the company (19%)	226	160
Disallowed expenses	-	-
Depreciation in period in excess of capital allowances	(226)	(160)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

No provision has been made for a deferred tax asset at 30 April 2008 of approximately £nil (2007 - £481) because in the opinion of the directors it is not material.

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
COST			
At 1 May 2007	21,771	20,031	41,802
Additions	1,975	-	1,975
Disposals	-	(2,245)	(2,245)
	<u> </u>	<u> </u>	<u> </u>
At 30 April 2008	<u>£23,746</u>	<u>£17,786</u>	<u>£41,532</u>
 DEPRECIATION			
At 1 May 2007	21,355	20,031	41,386
Charge for year	534	-	534
On disposals	-	(2,245)	(2,245)
	<u> </u>	<u> </u>	<u> </u>
At 30 April 2008	<u>£21,889</u>	<u>£17,786</u>	<u>£39,675</u>
 NET BOOK VALUE			
At 30 April 2008	<u>£1,857</u>	<u>-</u>	<u>£1,857</u>
At 30 April 2007	<u>£416</u>	<u>-</u>	<u>£416</u>

7 STOCK

	2008	2007
Finished goods and goods for resale	<u>£44,694</u>	<u>£47,040</u>

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

8 DEBTORS - AMOUNTS DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	28,287	18,503
Other debtors	1,302	2,234
Prepayments and accrued income	6,215	9,927
	<u>£35,804</u>	<u>£30,664</u>

9 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	21,282	8,304
Amounts due to parent company	120,192	180,973
Taxation and social security	2,931	2,970
Accruals and deferred income	37,019	25,356
Other creditors	1,562	1,141
	<u>£182,986</u>	<u>£218,744</u>

10 CALLED UP SHARE CAPITAL

	2008	2007
Authorised		
Equity 20,000 Ordinary shares of £1 each	<u>£20,000</u>	<u>£20,000</u>
Allotted, called up and fully paid		
Equity 10,000 Ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 30 April 2006	10,000	6,907	16,907
Profit for the year	-	844	844
	<u> </u>	<u> </u>	<u> </u>
Balance at 30 April 2007	10,000	7,751	17,751
Profit for the year	-	1,179	1,179
	<u> </u>	<u> </u>	<u> </u>
Balance at 30 April 2008	<u>£10,000</u>	<u>£8,930</u>	<u>£18,930</u>

12 RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of International Study Centre. The ultimate controlling party is Queen's University, Canada. The company's parent, International Study Centre, was covenanted the company's taxable profits for the year of £13,966 (2007 - £76,386). The company has taken advantage of the FRS 8 exemption not to disclose other intra-group transactions.

13 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2008, the company was committed to making the following payments under non-cancellable operating leases in the year to 30 April 2009:

	Other 2008 £	Other 2007 £
Operating leases which expire Between 2 and 5 years	1,219	-
	<u> </u>	<u> </u>
	<u>£1,219</u>	<u>-</u>

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to the Financial Statements For the Year Ended 30 April 2008

14 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The company is a wholly owned subsidiary of International Study Centre, a company limited by guarantee

The largest group in which the results of the company are consolidated is that headed by Queen's University, incorporated in Canada. The consolidated accounts of this company are available to the public and may be obtained from Queen's University, Kingston, Ontario

The smallest group in which the results of the company are consolidated are those of its parent, International Study Centre, Herstmonceux Castle, Hailsham, East Sussex BN27 1RP

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Detailed Trading Profit and Loss Account Year Ended 30 April 2008

	2008 £	2007 £
TURNOVER		
Shop	22,136	32,536
Books	33,392	40,653
Bar	36,113	44,995
Bar function	39,425	35,191
Tearoom	43,353	42,149
Public admissions	44,714	46,417
Group and coach bookings	5,167	3,809
Castle tours	6,750	6,277
Accommodation	69,141	85,280
Hotel service	1,162	1,607
Restaurant	30,823	48,709
Conference and functions	84,718	81,639
Conference catering	78,349	82,447
Vending	1,867	2,178
Telephone	3,549	3,137
Equipment hired out	168	-
Land, rent and special events	12,000	16,448
Other	870	2,561
	<hr/> 513,697	<hr/> 576,033
Less cost of sales - per schedule on page 15	(139,920)	(160,147)
GROSS PROFIT	<hr/> 373,777	<hr/> 415,886
Less administrative expenses - per schedule on page 15	(362,657)	(342,640)
OPERATING PROFIT	<hr/> <hr/> £ 11,120	<hr/> <hr/> £ 73,246

HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Schedule of Overhead Expenditure Year Ended 30 April 2008

	2008 £	2007 £
COST OF SALES		
Shop purchases	17,487	17,924
Shop book purchases	19,657	30,748
Bar purchases	28,056	29,765
Stock written off	1,995	13,894
Food supplies	66,829	60,846
Hotel service purchases	537	2,430
Sutcliffe management fee	5,359	4,540
	<u>£139,920</u>	<u>£160,147</u>
ADMINISTRATIVE EXPENSES		
Bed and breakfast supplies	2,580	1,230
Salaries and other staff costs	198,958	188,542
Laundry and cleaning	15,466	15,456
Garden maintenance	3,499	2,474
Printing, postage and stationery	3,389	3,049
Advertising and marketing	33,651	16,068
Telephone	3,300	2,918
Furnishings	1,497	3,872
Equipment hire	2,256	3,132
Equipment maintenance	4,352	5,091
Travel	-	23
Auditors' remuneration	4,580	3,698
Bank charges	2,805	3,208
Miscellaneous	827	1,963
Licences	920	710
Staff uniforms	807	711
Subscriptions and memberships	2,114	2,700
Special events	4,185	2,247
Depreciation	534	139
Rent	76,937	85,409
	<u>£362,657</u>	<u>£342,640</u>

This page does not form part of the statutory financial statements and is unaudited