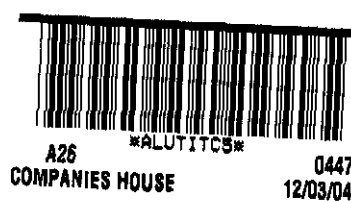


Directors' Report and Financial Statements of

## **HERSTMONCEUX CASTLE ENTERPRISES LIMITED**

Year ended April 30, 2003

2402475



# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Financial Statements

Year ended April 30, 2003

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# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Directors' Report  
Company Information

Directors	A. Montgomery B. Trenowden S. Fortier D. Baldwin
Secretary	A. Montgomery
Company number	2902475
Registered Office	Herstmonceux Castle Hailsham East Sussex BN27 1RP
Auditors	KPMG LLP 1 Forest Gate Brighton Road Crawley RH11 9PT United Kingdom
Business Address	Herstmonceux Castle Hailsham East Sussex BN27 1RP
Bankers	National Westminster Bank Plc 1 High Street Hailsham East Sussex BN27 1AJ
Solicitors	Farrer & Co 66 Lincolns Inn Fields London WC2A 3LH

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Directors' Report (continued)

Year ended April 30, 2003

**The directors present their report and the financial statements for the year ended 30<sup>th</sup> April 2003**

## **Principal activities**

The principal activities of Herstmonceux Castle Enterprises Limited 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**

The profit and loss account is set out on page 6 and shows the company's results for the year together with the *retained profits carried forward*.

Overall it was an encouraging year for the company. The start was very slow, in particular with visitor numbers due to poor weather in May and June. It was also expected that business would show a slight decrease due to the increase in International Study Centre's business and student numbers.

One factor that boosted the company's figures was the major corporate event in August hosted by Coca Cola over two three-day periods with over 200 visitors on each occasion. Accommodation B&B sales were also very healthy during the summer months, which give a good net return.

Some caution needs to be taken in looking at 2003/04 figures due to the change in the International Study Centre summer programme and large increase in student numbers. However it is felt that the company is still generating a worthwhile return, through the covenant, to the ISC charitable trust.

## **Directors and their interests**

*The directors who served during the year and their interests in the company are as stated below:*

	<b>Ordinary shares</b>	
	<b>30/04/03</b>	<b>01/05/02</b>
A Montgomery	-	-
B Trenowden	-	-
S Fortier	-	-
D Baldwin	-	-

No director has any interest in the share capital of any group undertaking.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company, or any other group company, were granted to any of the directors or their immediate families, or exercised by them, during the year.

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Directors' Report (continued)

## 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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

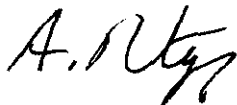
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

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.

## Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that KPMG be appointed as auditors of the company was put to the Annual General Meeting.

This report was approved by the Board on 21<sup>st</sup> February 2004 and signed on its behalf by



A Montgomery

Secretary

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Independent Auditors' Report to the Shareholders of Herstmonceux Castle Enterprises Limited

## **Report of the independent auditors to the shareholders of Herstmonceux Castle Enterprises Limited**

We have audited the financial statements on pages 6 to 11.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. 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 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 judgments 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.

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Independent Auditors' Report to the Shareholders of Herstmonceux Castle Enterprises Limited

## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at April 30, 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants

Registered Auditor

(date) 21 February 2004

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Profit and Loss Account  
Continuing Operations

April 30, 2003, with comparative figures for 2002

		2003	2002
	Notes	£	£
Turnover		502,056	470,111
Cost of sales		(130,354)	(123,727)
Gross profit		371,702	346,384
Administrative expenses		(215,212)	(202,043)
Operating profit	2	156,490	144,341
Other interest receivable and similar income		313	4,245
Profit on ordinary activities before taxation		156,803	148,586
Tax on profit on ordinary activities	4	—	—
Profit on ordinary activities after taxation		156,803	148,586
Deed of covenant		(156,584)	(149,639)
Earnings (loss) for the year		219	(1,053)
Retained profits brought forward		5,726	6,779
Retained profits carried forward		5,945	5,726

There are no recognized gains or losses other than the profit or loss for the above two financial years.  
All activities are continuing.

The notes on pages 8 to 11 form an integral part of these financial statements.



# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

## Balance Sheet

April 30, 2003, with comparative figures for 2002

		2003		2002	
	Notes	£	£	£	£
<b>Assets</b>					
Fixed assets:					
Tangible assets	5		3,723		6,199
Current assets:					
Stocks		42,858		34,086	
Debtors	6	93,440		26,261	
Cash at bank and in hand		94,227		174,129	
		230,525		234,476	
Creditors: amounts falling due within one year	7	(218,303)		(224,949)	
Net current assets			12,222		9,527
Net assets			15,945		15,726
<b>Capital and Reserves</b>					
Called up share capital	8		10,000		10,000
Profit and loss account			5,945		5,726
Equity shareholders' funds			15,945		15,726

The notes on pages 8 to 11 form an integral part of these financial statements.

The financial statements were approved by the Board on 21<sup>st</sup> February 2004 and signed on its behalf by:

A. Montgomery Montgomery, Director

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to Financial Statements

Year ended April 30, 2003

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## 1. Accounting policies:

### 1.1 Accounting convention:

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the directors' report and all of which are continuing.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cash flow statement because it is a small company.

### 1.2 Turnover:

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

### 1.3 Tangible fixed assets and depreciation:

Depreciation is provided at rates calculated to write-off the cost less residual value of each asset over its expected useful life, as follows:

	Basis	Useful life
Furniture and fittings	Straight-line	20%
Equipment	Straight-line	20%

### 1.4 Leasing:

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

### 1.5 Stock:

Stock is valued at the lower of cost and net realizable value after making due allowance for obsolete and slow-moving stocks.

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to Financial Statements

Year ended April 30, 2003

## 2. Operating profit:

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	2,475	5,265
Operating lease rentals – equipment	3,689	4,204
Auditors' remuneration	2,400	2,000

## 3. Staff costs:

None of the directors received any emoluments.

The average number of persons employed by the company, excluding directors, during the year was 15 (2002 – 12).

The aggregate costs of the remaining staff were as follows:

	2003	2002
	£	£
Staff salaries	69,508	73,585
Social security costs	3,347	3,941
	72,855	77,526

## 4. Taxation:

The Deed of Covenant in favour of International Study Centre was implemented during the year, and consequently there will be no corporation tax liability based upon the results for the year.

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to Financial Statements

Year ended April 30, 2003

## 5. Tangible fixed assets:

	Equipment	Furniture and fittings	Total
	£	£	£
Cost:			
At May 1, 2002	21,076	20,031	41,107
Additions	—	—	—
Disposals	—	—	—
At April 30, 2003	21,076	20,031	41,107
Depreciation:			
At May 1, 2002	17,057	17,851	34,908
On disposals	—	—	—
Charge for the year	1,327	1,149	2,476
At April 30, 2003	18,384	19,000	37,384
Net book values:			
At April 30 2003	2,692	1,031	3,723
At April 30, 2002	4,019	2,180	6,199

## 6. Debtors:

	2003	2002
	£	£
Trade debtors	23,393	21,774
Other debtors	114	143
Amounts due from parent company	66,186	—
Prepayments and accrued income	3,747	4,344
	93,440	26,261

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Notes to Financial Statements

Year ended April 30, 2003

## 7. Creditors: amounts falling due within one year:

	2003	2002
	£	£
Deferred income	37,441	47,230
Trade creditors	21,319	21,706
Amounts due to parent company	156,584	149,639
Other taxes and social security costs	1,037	614
Accruals	1,922	5,760
	218,303	224,949

## 8. Share capital:

	2003	2002
	£	£
Authorized equity:		
20,000 Ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid equity:		
10,000 Ordinary shares of £1 each	10,000	10,000

## 9. Related party transactions:

During the year, the company's parent – International Study Centre, was covenanted the company's taxable profits for the preceding year of £149,639 (2002 – £131,291).

## 10. Parent and ultimate parent undertaking:

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 at Kingston (Canada), 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, Herstmonceux, East Sussex.

# **HERSTMONCEUX CASTLE ENTERPRISES LIMITED**

The following pages do not form part of the statutory accounts.

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

Detailed Trading Profit and Loss Account

Year ended April 30, 2003

	2003	2002
	£	£
Turnover:		
Shop	29,521	27,694
Book	26,781	21,310
Bar	24,463	22,114
Bar function	40,849	37,641
Tearoom	34,595	33,059
Public admissions	37,665	38,498
Group and coach bookings	3,421	4,121
Castle tours	9,050	8,391
Accommodation	68,413	79,548
Hotel service	3,074	3,390
Restaurant	43,538	34,032
Conference and functions	55,264	46,642
Conference catering	105,341	98,079
Vending	99	223
Telephone	2,937	2,580
Function corkage	—	451
Land, rent and Christmas fair	8,671	9,972
Other	8,374	2,366
	502,056	470,111
Other income:		
Bank deposit interest	313	4,245
	502,369	474,356
Less overhead expenditure – per schedule	345,566	325,770
	156,803	148,586

# HERSTMONCEUX CASTLE ENTERPRISES LIMITED

## Schedule of Overhead Expenditures

Year ended April 30, 2003

	2003	2002
	£	£
Shop purchases	15,720	17,202
Shop book purchases	19,096	16,492
Bar purchases	22,813	22,990
Stock written off	1,795	36
Food supplies	67,497	63,546
Hotel service purchases	2,166	2,914
Bed and breakfast supplies	1,267	547
Salaries and other staff costs	164,909	148,387
Sutcliffe management fee	3,452	3,119
Laundry and cleaning	9,535	10,489
Garden maintenance	3,674	3,150
Printing, postage and stationery	3,070	3,594
Advertising and marketing	4,242	3,517
Telephone	769	791
Furnishings	1,993	1,396
Equipment hire	3,689	4,204
Equipment maintenance	2,444	2,926
Travel	54	73
Auditors' remuneration	2,400	2,000
Accountancy	—	640
Bank charges	3,334	3,104
Miscellaneous	2,811	2,204
Licences	522	701
Staff uniforms	91	163
Subscriptions and memberships	2,156	2,444
Special event	3,583	3,876
Depreciation	2,475	5,265
Bad debt	9	—
	345,566	325,770