

## **Education Lecturing Services**

*(A company limited by guarantee and not having a share capital)*

*(Registered Number: 3009979)*

### **Directors' Report and Accounts**

**Year ended 30 June 2002**



**Directors' Report  
For the Year Ended 30 June 2002**

*Page 1*

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The directors submit their report and the audited financial statements of the company for the year ended 30 June 2002.

***Principal activity***

The principal activity of the company is the supply of specialist lecturing services to colleges of further education.

***Business review***

The directors are satisfied with the company's performance and future prospects are considered to be good, with steady growth expected.

***Directors***

The directors of the company who held office during the year and subsequently are:

G Lennox	(Resigned 7 November 2002)
R Fielding	(Resigned 7 November 2002)
G Stevens	(Appointed 28 August 2002)
M Davy	(Appointed 30 October 2002)

No director had any beneficial interest in the membership of the company at 30 June 2002 or 30 June 2001.

The interests of the directors in the shares of Protocol Associates NV, the company's parent company, are disclosed in the accounts of Protocol Associates NV.

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***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 and of the profit or loss of the company for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements have been made in preparing the accounts for the year ended 30 June 2002 and that applicable accounting standards have been followed. They also confirm that it is appropriate to prepare the financial statements on a going concern basis.

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***

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



G Stevens

***Director***

20 December 2002

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

***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 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 at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
Nottingham  
20 December 2002

**Profit and Loss Account**  
**For the Year Ended 30 June 2002**

Page 4

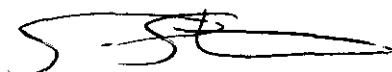
	2002 £'000	2001 £'000
<i>Turnover (Note 2)</i>	64,474	58,410
Cost of sales	(56,901)	(51,387)
<b>Gross profit</b>	7,573	7,023
Administrative expenses	(7,532)	(6,978)
<b>Operating profit (Note 4)</b>	41	45
Interest payable and similar charges (Note 5)	(37)	(5)
Interest receivable and similar income (Note 6)	13	11
<b>Profit on ordinary activities before taxation</b>	17	51
Taxation (Note 7)	10	22
<b>Profit for the financial year (Note 15)</b>	27	73

There are no recognised gains or losses other than the profit for the year shown above and all operations are continuing operations.

The notes on pages 6 to 10 form part of these financial statements.

	2002 £'000	2001 £'000
<b>Current assets</b>		
Debtors (Note 9)	42,340	35,691
Cash at bank and in hand	-	71
	42,340	35,762
<b>Creditors - Amounts falling due within one year (Note 10)</b>	(42,248)	(34,632)
<b>Net current assets and total assets less current liabilities</b>	92	1,130
<b>Creditors - Amounts falling due after more than one year (Note 11)</b>	-	(1,065)
<b>Net assets</b>	92	65
<b>Capital and reserves</b>		
Profit and loss account (Note 15)	92	65
<b>Total members' funds</b>	92	65

Approved By The Board  
20 December 2002



G Stevens  
Director

The notes on pages 6 to 10 form part of these financial statements.

## **1 Accounting Policies**

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

### ***Accounting convention***

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the year and the preceding year, with the exception of accounting standards adopted in the current year. Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard Number 18 (FRS 18).

During the year the Company adopted FRS 19 "Deferred Tax". As a result full provision is now made for deferred tax arising on all timing differences and deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The Company previously provided for deferred tax on timing differences to the extent that the difference was expected to reverse in the foreseeable future. The adoption of FRS 19 does not give rise to any material impact on the current year or prior year.

### ***Cash flow statement***

The company has taken advantage of the exemption from the requirement to produce a cash flow statement in accordance with FRS 1, as it is a member of a group whose parent company, Protocol Associates NV, prepares consolidated financial statements which include a cash flow statement and are publicly available.

### ***Pensions***

Pension contributions which are to schemes that have characteristics of a defined contribution scheme are charged to the profit and loss account as incurred.

### ***Deferred taxation***

Full provision is made for deferred taxation arising on all timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

### ***Operating leases***

Rentals under operating leases are charged against income as incurred. The obligation to pay future rentals on operating leases is shown by way of a note to the accounts.

## **2 Turnover**

Turnover represents the amounts chargeable to UK customers in respect of the year arising from the company's principal activity.

**3 Staff Numbers and Costs**

The average number of persons employed by the company during the year was 68 (2001: 72).

The payroll costs of these persons were as follows:

	2002 £'000	2001 £'000
Wages and salaries	1,381	1,459
Social security costs	132	126
Other pension costs (see Note 14)	55	62
	1,568	1,647

**4 Operating profit**

Operating profit is stated after charging:

	2002 £'000	2001 £'000
Auditors' remuneration	12	10
Training	-	17
Operating lease rentals payable - plant and machinery	61	92

Auditors' remuneration for non-audit services amounted to £3,000 (2001: £3,000).

**5 Interest Payable and Similar Charges**

	2002 £'000	2001 £'000
Bank charges	37	5

**6 Interest Receivable and Similar Income**

	2002 £'000	2001 £'000
Bank interest receivable	13	11



**7 Taxation**

	2002 £'000	2001 £'000
Corporation tax at 30% (2001: 30%)	5	16
Over provision in respect of prior years	(15)	(38)
	(10)	(22)

There is no actual or potential deferred tax liability (2001: £Nil).

The corporation tax creditor has been adjusted by the group relief of losses surrendered by PNI Holdings Limited for which payment of £5,000 (2001: £16,000 surrendered by Protocol Associates Limited) is owed.

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000
Profit on ordinary activities before tax	17
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK (30%)	5
<i>Effects of:</i>	
Adjustments in respect of previous periods	(15)
Actual tax on profit on ordinary activities	(10)

**8 Directors' Emoluments**

The total emoluments of the directors, including pension contributions was nil (2001: £ nil).

The directors emoluments in respect of services to the company are borne by Protocol Systems Limited, another group company, and their emoluments are shown in the financial statements of that company. Copies of these financial statements can be obtained from the Company Secretary, Arboretum Gate, 88-90 North Sherwood Street, Nottingham, NG1 4EE.

**9 Debtors**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	7,223	6,182
Amounts owed by group undertakings	35,049	29,395
Other debtors	68	114
	<b>42,340</b>	<b>35,691</b>

**10 Creditors - Amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	176	-
Trade creditors	5,566	4,702
Amounts owed to group undertakings	34,663	28,432
Other taxes and social security	1,465	1,252
Accruals and deferred income	378	246
	<b>42,248</b>	<b>34,632</b>

**11 Creditors - Amounts falling due after more than one year**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	-	1,065

**12 Contingent Liabilities**

The company as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow group undertakings. The maximum liability under the guarantee is limited to the credit balances in those accounts which are part of the interest set-off arrangement together with the proceeds of any items in the course of collection for the credit of such bank accounts.

The group indebtedness is secured on the undertakings of the group and on the property by way of a legal charge and certificate of registration of charge over Arboretum Gate and the lease of Castle Quay properties respectively.

**13 Related Party Transactions**

The Company has taken advantage of the exemption available under Financial Reporting Standard 8 for 90% owned subsidiaries not to disclose related party transactions with members of the same group

**14 Pensions**

A defined contribution scheme is in operation with Scottish Equitable where the company contributes a fixed contribution to individual employee's schemes, but has no further liability to provide retirement benefits once the employee is no longer employed by the company. The contributions for the year amounted to £55,000 (2001: £62,000).

**15 Profit and Loss Account**

	2002 £'000
At 1 July 2001	65
Profit for the year	27
At 30 June 2002	92

**16 Operating Lease Commitments**

At 30 June 2002 the company had annual commitments payable under non-cancellable operating leases as follows:

	2002 £'000	2001 £'000
Leases which expire:		
Within one year	15	29
Between one and five years	9	45
	24	74

**17 Ultimate Parent Company**

The sole member and guarantor of Education Lecturing Services is Protocol National Limited. This company is the immediate parent undertaking.

Protocol Associates NV is the smallest and largest group to consolidate these financial statements. Protocol Associates NV is registered in the European Union. Copies of the group financial statements can be obtained from the Company Secretary, Arboretum Gate, 88-90 North Sherwood Street, Nottingham, NG1 4EE.

The ultimate parent company and controlling party is Bridgepoint Capital Group Limited. Copies of the financial statements of Bridgepoint Capital Group Limited are available at their registered office at 101 Finsbury Pavement, London, EC2A 1EJ.