

## **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 1999**



**Directors' Report  
For the Year Ended 30 June 1999**

*Page 1*

---

The directors submit their report and the audited accounts for the year ended 30 June 1999.

***Principal activity***

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

***Business review***

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

***Year 2000***

The company has recognised that Year 2000 is a major issue and is part of a group-wide programme structure to co-ordinate the activities of the business and to facilitate the exchange of best practice. Regular reports are made to the board of directors on the status of the programme. The directors believe that all vulnerable systems have been identified and will be rectified in advance of critical dates and without disruption to the underlying businesses. However, given the complexity of the problem, it is not possible for any organisation to be certain that no Year 2000 problems will occur even if its own systems are fully compliant.

Compliance is being achieved through conversion or replacement of existing systems. A comprehensive series of procedures is in place to test thoroughly all systems to minimise any risk of failure. The cost of the work required specifically to correct this problem is not considered to be material to the future profitability or liquidity of the company group and is being charged against profits as incurred. However, an element of the cost of Year 2000 compliance is not separately identifiable, as millennium modifications are often embodied in software purchased and developed in the normal course of business.

***Directors***

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

G Lennox  
R Fielding  
F Lord

None of the directors had any beneficial interest in the membership of the company at the year end.

At 30 June 1999, the company's ultimate parent was ELS Group Limited. The interests of the directors in the shares of ELS Group Limited are disclosed in the accounts of ELS Group Limited.

**Directors' Report**  
**For the Year Ended 30 June 1999....cont'd**

Page 2

---

***Directors' responsibilities***

Company law requires the directors to prepare accounts for each financial period 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 period. In preparing those accounts, the directors are required to:

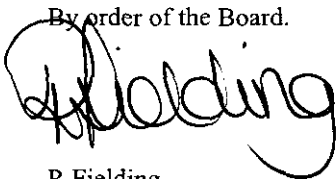
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 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.



R Fielding  
Director

3 December 1999

PricewaterhouseCoopers  
Victoria House  
76 Milton Street  
Nottingham NG1 3QY  
Telephone +44 (0) 115 947 3000  
Facsimile +44 (0) 115 947 2660

## Auditors' Report to the Member of Education Lecturing Services

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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. 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.

### *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 as at 30 June 1999 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  
3 December 1999

**Profit and Loss Account**  
**For the Year Ended 30 June 1999**

Page 4

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
<i>Turnover</i> (Note 2)	48,023	42,860
Cost of sales	(42,479)	(38,063)
<b>Gross profit</b>	<b>5,544</b>	<b>4,797</b>
Administrative expenses	(5,443)	(4,750)
Operating profit	101	47
Interest payable and similar charges	(15)	-
<b>Profit on ordinary activities before taxation</b> (Note 4)	<b>86</b>	<b>47</b>
Taxation (Note 6)	8	(131)
<b>Profit on ordinary activities after taxation for the year</b> (Note 13)	<b>94</b>	<b>(84)</b>

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 9 form part of these accounts.

# Balance Sheet – 30 June 1999

Page 5

	1999 £'000	1998 £'000
<b>Current assets</b>		
Debtors (note 8)	10,657	8,096
Cash at bank and in hand	162	166
	10,819	8,262
<b>Creditors – Amounts falling due within one year (Note 9)</b>	(10,844)	(8,381)
<b>Net current liabilities</b>	(25)	(119)
<b>Total assets less current liabilities</b>	(25)	(119)
<b>Reserves</b>		
Profit and loss account (Note 13)	(25)	(119)

Approved By The Board

3 December 1999



G Lennox  
Director

The notes on pages 6 to 9 form part of these accounts

---

## 1 Accounting Policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the company's accounts.

### *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company has taken advantage of the requirement not to produce a cashflow statement in accordance with FRS1 (Revised) as it is a member of a group which prepares consolidated accounts which include a cashflow 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*

Deferred taxation arising from timing differences between profits reflected in the accounts and profits calculated for tax purposes is recognised in those cases where the difference is expected to reverse in the foreseeable future.

## 2 Turnover

Turnover represents the amounts chargeable to UK customers in respect of the reporting period 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 60 (1998: 59).

	1999 £'000	1998 £'000
The payroll costs of these persons were as follows:		
Wages and salaries	1,312	1,393
Social security costs	123	115
Other pension costs (see note 12)	79	57
	1,514	1,565

---

**4 Profit on Ordinary Activities Before Taxation**

The profit on ordinary activities before taxation is stated after charging the following:

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
Auditors' remuneration	10	8
Training	48	62

Auditors' remuneration for non-audit services amounted to £44,649 (1998 : £24,000).

**5 Interest Payable and Similar Charges**

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
Bank charges	15	-

**6 Taxation**

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
Corporation tax (credit)/charge at 30.75% (1998 : 31%)	(8)	131

There is no provided (1998: Nil) or unprovided (1998: £12,000) deferred tax liability.

**7 Directors' Emoluments**

	<b>1999</b> <b>£'000</b>	<b>1998</b> <b>£'000</b>
Directors' aggregate emoluments	241	224
Company contributions paid to money purchase schemes	16	14
Compensation for loss office	-	180
Highest paid director:		
Total amount of emoluments excluding pensions	92	89
Company contributions paid to money purchase pension scheme	6	5



**8 Debtors**

	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Trade debtors	4,819	4,477
Amounts due from fellow subsidiary undertakings	5,774	3,450
Other debtors	64	169
	10,657	8,096

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

	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Trade creditors	3,581	3,565
Amounts due to group undertakings	5,740	3,363
Corporation tax	89	131
Other taxes and social security	1,232	920
Accruals and deferred income	202	402
	10,844	8,381

**10 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 bank 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. At 30 June 1999 the potential liability was £767,000 (1998: £265,000).

All the property and undertakings of the company are secured by way of a mortgage in favour of National Westminster Bank plc.

**11 Related Party Transactions**

In accordance with Financial Reporting Standard 8, the company has not disclosed transactions with other group companies.

**12 Pensions**

A defined contribution scheme is in operation with Clerical Medical 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 amount to £79,000 (1998: £57,000).

**13 Profit and Loss Account**

	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
At 1 July	(119)	(35)
Profit/(loss) for the year	94	(84)
At 30 June	(25)	(119)

**14 Operating Lease Commitments**

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

	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Leases which expire between one and five years	27	75

**15 Parent Company**

The sole member and guarantor of Education Lecturing Services is Protocol National Limited. The company which, at 30 June 1999, was considered to be the ultimate parent company and controlling party was ELS Group Limited, which is incorporated and registered in England and Wales. A copy of the ELS Group Limited accounts can be obtained from the Company Secretary, Castle Quay, Castle Boulevard, Nottingham, NG7 1FW.