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**KINGSWOOD (NORFOLK) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 1999**



**MORGAN BROWN & SPOFFORTH**  
**Chartered Accountants**

# KINGSWOOD (NORFOLK) LIMITED

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## Contents

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	Page
Directors' Report	1
Auditors' Report	2
Abbreviated Profit and Loss Account	3
Balance Sheet	4
Notes to the Abbreviated Accounts	5 - 9

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999**

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The directors present their report and the financial statements for the year ended 31 December 1999.

**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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**Results and dividends**

The profit for the year after taxation, amounted to £NIL (1998 - £133,604) .

**Principal activities and review of business**

With effect from 1 January 1999, the company's trade was transferred to the company's parent undertaking, Kingswood Learning and Leisure Group Limited.

**Directors**

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	<u>Ordinary shares of £1 each</u>	
	<u>1999</u>	<u>1998</u>
S Wiley	-	-
C Wiley	-	-
J Cowley	-	-

**Auditors**

The auditors, Morgan Brown & Spofforth, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 18 October 2000 and signed on its behalf.

  
D J Ridler  
Secretary

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**AUDITORS' REPORT TO KINGSWOOD (NORFOLK) LIMITED**  
**pursuant to section 247B of the Companies Act 1985**

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We have examined the abbreviated accounts set out on pages 3 to 9 together with the financial statements of Kingswood (Norfolk) Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1999.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

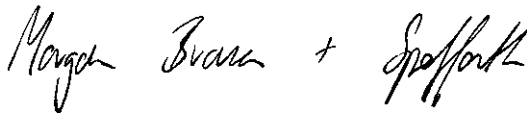
**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 3 to 9 are properly prepared in accordance with that provision.

**Morgan Brown & Spofforth**  
Chartered Accountants  
& Registered Auditor



82 St John Street  
London  
EC1M 4JN

Date: 25 October 2000

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 1999

	Note	1999 £	1998 £
GROSS PROFIT		-	1,087,923
Administrative expenses		-	(835,110)
OPERATING PROFIT	2	-	252,813
Interest receivable	5	-	233
Interest payable	6	-	(69,393)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	183,653
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	-	(49)
RETAINED PROFIT FOR THE YEAR		-	183,604
LOSS BROUGHT FORWARD		(279,689)	(463,293)
LOSS CARRIED FORWARD		£ (279,689)	£ (279,689)

All amounts relate to discontinued operations.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 5 to 9 form part of these financial statements.

**KINGSWOOD (NORFOLK) LIMITED**

**BALANCE SHEET**  
**As at 31 December 1999**

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		-		1,882,418
<b>CURRENT ASSETS</b>					
Debtors	9	823,237		285,795	
Cash at bank and in hand		-		231,041	
		<u>823,237</u>		<u>516,836</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(1,102,924)</u>		<u>(2,228,265)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(279,687)</u>		<u>(1,711,429)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(279,687)</u>		<u>170,989</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11		-		(450,676)
<b>NET LIABILITIES</b>			<u>£ (279,687)</u>		<u>£ (279,687)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		2		2
Profit and loss account			<u>(279,689)</u>		<u>(279,689)</u>
<b>SHAREHOLDERS' FUNDS - All equity</b>	13		<u>£ (279,687)</u>		<u>£ (279,687)</u>

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

The financial statements were approved by the board on 18 October 2000 and signed on its behalf.

S Wiley 

Director

The notes on pages 5 to 9 form part of these financial statements.

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**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 1999**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

**1.1 Basis of preparation of financial statements**

The financial statements have been 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 discontinued.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Camp & computer equipment	-	25%	reducing balance
Motor vehicles	-	25%	reducing balance

**1.4 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.5 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

**1.6 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.7 Deferred taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**1.8 Cash flow**

The company has taken advantage of its exemption under Financial Reporting Standard No 1 not to prepare a cash flow statement. The consolidated accounts of its parent undertaking include a cash flow statement dealing with cash flows of the group.

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 1999**

**2. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	1999 £	1998 £
Depreciation of tangible fixed assets		
- owned by the company	-	94,338
- held under finance leases and hire purchase contracts	-	20,934
Audit fees	-	4,410
Operating lease rentals		
- hire of plant & machinery	-	3,741
Foreign exchange differences	-	(2,380)
	<u>          </u>	<u>          </u>

**3. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	1999 £	1998 £
Wages and salaries	-	423,743
Social security costs	-	15,717
	<u>          </u>	<u>          </u>
	£ -	£ 439,460
	<u>          </u>	<u>          </u>

The average monthly number of employees, including directors, during the year was as follows:

	1999	1998
Administration and management	3	12
Activities	-	86
	<u>          </u>	<u>          </u>
	3	98
	<u>          </u>	<u>          </u>

**4. DIRECTORS' REMUNERATION**

	1999 £	1998 £
Aggregate emoluments	-	39,972
	<u>          </u>	<u>          </u>
	£ -	£ 39,972
	<u>          </u>	<u>          </u>

**5. INTEREST RECEIVABLE**

	1999 £	1998 £
Other interest receivable	£ -	£ 233
	<u>          </u>	<u>          </u>



**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 1999**

**6. INTEREST PAYABLE**

	1999 £	1998 £
On bank loans and overdrafts	-	41,555
On finance leases and hire purchase contracts	-	27,838
	<u>£ -</u>	<u>£ 69,393</u>

**7. TAXATION**

	1999 £	1998 £
<b>Current year taxation</b>		
UK Corporation Tax at nil% (1998 - 31%)	£ -	£ 49
	<u>£ -</u>	<u>£ 49</u>

**8. TANGIBLE FIXED ASSETS**

	Freehold Premises £	Plant & Machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 1999	1,536,334	675,365	2,211,699
Disposals	1,536,334)	(675,365)	2,211,699)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
<b>Depreciation</b>			
At 1 January 1999	-	329,281	329,281
On disposals	-	(329,281)	(329,281)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Book Value</b>			
At 31 December 1999	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
At 31 December 1998	<u>£ 1,536,334</u>	<u>£ 346,084</u>	<u>£ 1,882,418</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1999 £	1998 £
Plant and machinery	£ -	£ 104,979
	<u>£ -</u>	<u>£ 104,979</u>

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 1999**

**9. DEBTORS**

	1999 £	1998 £
<b>Due within one year</b>		
Amounts owed by group undertakings	823,237	168,940
Other debtors	-	107,788
Prepayments and accrued income	-	9,067
	<u>£ 823,237</u>	<u>£ 285,795</u>

Included within other debtors due within one year is a loan of £NIL (1998 - £81,971) to S Wiley, a director. The maximum amount outstanding during the year was £81,971.

**10. CREDITORS:****Amounts falling due within one year**

	1999 £	1998 £
Bank loan	-	51,337
Deferred income	-	813,933
Net obligations under finance lease and hire purchase contracts	-	32,144
Trade creditors	-	106,677
Amounts owed to group undertakings	1,102,924	948,465
Social security and other taxes	-	59,051
Other creditors	-	210,658
Accruals and deferred income	-	6,000
	<u>£ 1,102,924</u>	<u>£ 2,228,265</u>

**11. CREDITORS:****Amounts falling due after more than one year**

	1999 £	1998 £
Bank loan	-	413,726
Net obligations under finance lease and hire purchase contracts	-	36,950
	<u>£ -</u>	<u>£ 450,676</u>

Included within the above are amounts falling due as follows:

**In 1 - 2 years:**

Loan instalments	-	54,864
Finance lease and hire purchase obligations	-	36,950

**In 2 - 5 years:**

Loan instalments	-	199,761
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**In more than 5 years:**

Loan instalments	-	159,101
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**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 1999**

**12. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised</b>		
100 ordinary shares of £1 each	£ 100	£ 100
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	£ 2	£ 2

**13. SHAREHOLDERS' FUNDS****Reconciliation of movements on shareholders' funds**

	1999 £	1998 £
Profit for the year	-	133,604
Opening shareholders' funds	(329,687)	(463,291)
Closing shareholders' funds	£ (329,687)	£ (329,687)

**14. RELATED PARTIES**

At the year end, the company had the following balances with companies under common control:

	<b>Amounts due from related party</b>		<b>Amounts owed to related party</b>	
	1999 £	1998 £	1999 £	1998 £
Parent undertaking	797,421	168,940		
Fellow subsidiary undertakings	25,816	-	1,102,924	948,465
Other related undertakings	-	25,817	-	210,658

The company has taken advantage of the exemption available to it under Financial Reporting Standard No 8 not to disclose intra-group transactions.

**15. PARENT COMPANY**

At 31 December 1998 and 31 December 1999, the company was a wholly owned subsidiary of Kingswood Learning and Leisure Group Limited, a company incorporated in England and Wales. Copies of its group accounts are available from The Secretary, Overstrand Hall, Overstrand, Norfolk NR27 0JJ. The company's ultimate joint controlling parties during both years were S Wiley and C Wiley, directors of Kingswood (Norfolk) Limited.