

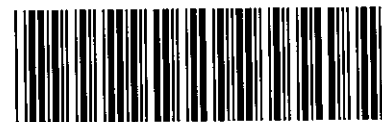
# Prospects Distribution Services Limited

Financial statements

For the year ended 31 March 2006

Grant Thornton 

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Company No. 3656764

## Company information

<b>Company registration number</b>	3656764
<b>Registered office</b>	Prospects House 19 Elmfield Road Bromley Kent BR1 1LT
<b>Directors</b>	R M Auvray Dr R C Smith
<b>Company secretary</b>	M N Woodhouse
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

## Index

<b>Directors' report</b>	3 - 4
<b>Report of the independent auditors</b>	5 - 6
<b>Principal accounting policies</b>	7 - 8
<b>Profit and loss account</b>	9
<b>Balance sheet</b>	10
<b>Notes to the financial statements</b>	11 - 14

## Directors' report

The directors present their report and the financial statements of the company for the year ended 31 March 2006.

### Principal activities

The principal activity of the company continued to be that of the provision of books, booklets, videos, CD-ROMs, posters and on-line materials to careers service companies, schools and colleges for educational and careers guidance.

### Results and dividends

The audited financial statements of the company for the year ended 31 March 2006 are set out on pages 7 to 14. The loss for the year after taxation was £280,984 (2005: £274,803 loss). No dividend was paid or proposed in respect of the year ended 31 March 2006 (2005: nil).

### Directors

The directors who served during the year were as follows:

R M Auvray  
Dr R C Smith

### Directors' interests

No director had any beneficial interest in the share capital of the company (2005: none).

### 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 at the end of the period and of the profit or loss for the period then ended. 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

## Directors' report (continued)

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Going concern

The parent undertaking, Prospects Services Limited, has indicated that it will continue to provide financial support to the company. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Auditors

During the year Grant Thornton UK LLP were appointed by the directors to fill a casual vacancy as permitted under Section 388 of the Companies Act 1985. A resolution to re-appoint Grant Thornton UK LLP as auditors to the company will be proposed at the forthcoming Annual General Meeting.

### Small company provisions

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

ON BEHALF OF THE BOARD



M N Woodhouse  
Company secretary

27 September 2006

## Report of the independent auditors to the members of Prospects Distribution Services Limited

We have audited the financial statements of Prospects Distribution Services Limited for the year ended 31 March 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14. 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**

*The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with 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.

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 report of the directors 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.

We read other information contained in the report of the directors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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.

# Report of the independent auditors to the members of Prospects Distribution Services Limited (continued)

## **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 affairs of the company as at 31 March 2006 and of its loss 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 for the year then ended.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**  
Central Milton Keynes

27 September 2006

## Principal accounting policies

The principal accounting policies that have been applied consistently throughout the current and preceding year are described below:

### **Basis of preparation**

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

The company has taken advantage of the exemption in Financial reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group and the parent undertaking prepares a consolidated cash flow statement.

### **Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, on a straight line basis over its expected useful life as follows:

Fixtures, fittings and equipment	-	3 to 5 years
Motor vehicles	-	4 years

### **Stocks**

Stock is valued at the lower of cost and net realisable value.

### **Debtors**

Debtors are stated net of provision for bad and doubtful debts.

### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in the tax assessments in different periods from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.



## Principal accounting policies

### **Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the period of the lease.

### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

## Profit and loss account

	Note	2006 £	2005 £
<b>Turnover</b>	1	<b>1,451,409</b>	1,490,291
Cost of sales		<b>(1,020,504)</b>	(1,080,467)
<b>Gross profit</b>		<b>430,905</b>	409,824
Administrative expenses		<b>(715,416)</b>	(685,867)
<b>Operating loss</b>	2	<b>(284,511)</b>	(276,043)
Other interest receivable and similar income		<b>3,527</b>	1,240
<b>Loss on ordinary activities before taxation</b>		<b>(280,984)</b>	(274,803)
Tax on loss on ordinary activities	4	—	—
<b>Loss on ordinary activities after taxation</b>	11	<b>(280,984)</b>	(274,803)

All of the activities of the company are classed as continuing.

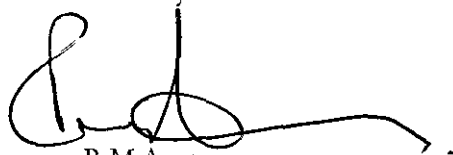
The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	5		69,085		102,476
<b>Current assets</b>					
Stocks	6	12,849		28,873	
Debtors	7	64,114		465,028	
Cash at bank and in hand		527,371		127,244	
		<u>604,334</u>		<u>621,145</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(439,551)</u>		<u>(364,321)</u>	
<b>Net current assets</b>			<u>164,783</u>		<u>256,824</u>
<b>Total assets less current liabilities</b>			233,868		359,300
<b>Creditors: amounts falling due after more than one year</b>	9		<u>(2,044,914)</u>		<u>(1,889,362)</u>
<b>Net liabilities</b>			<u>(1,811,046)</u>		<u>(1,530,062)</u>
<b>Capital and reserves</b>					
Called up share capital	10		2		2
Profit and loss account	11		<u>(1,811,048)</u>		<u>(1,530,064)</u>
<b>Equity shareholders' deficit</b>	12		<u>(1,811,046)</u>		<u>(1,530,062)</u>

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

These financial statements were approved by the board on 27 September 2006 and are signed on their behalf by:

  
R M Auvray  
Director

## Notes to the financial statements

### 1 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 2 Operating loss

Operating loss is stated after charging / (crediting):

	2006 £	2005 £
Depreciation of tangible assets	73,013	26,039
(Profit) / loss on disposal of tangible assets	(261)	2,306
Auditors' remuneration	6,800	4,850

### 3 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was 12 (2005: 13):

#### Employment costs

	2006 £	2005 £
Wages and salaries	299,513	361,606
Social security costs	26,652	32,175
Other pension costs	6,926	9,772
	<u>333,091</u>	<u>403,553</u>

The pension charge for the year of £6,926 (2005: £9,772) is in respect of a defined contribution pension scheme.

### 4 Taxation

(a) Analysis of charge in the period

	2006 £	2005 £
Current tax:		
UK corporation tax based on the results for the period at 30%	—	—
Tax on loss on ordinary activities	—	—

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

The accompanying accounting policies and notes form part of these financial statements.

## Notes to the financial statements (continued)

### 4 Taxation (continued)

(b) Factors affecting current tax charge

	2006 £	2005 £
Loss on ordinary activities before taxation	<u>(280,984)</u>	<u>(274,803)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2005: 30%)	<u>(84,295)</u>	<u>(82,441)</u>
Expenses not deductible for tax purposes	600	741
Capital allowances for period in excess of depreciation	9,862	(7,283)
Unrelieved tax losses	<u>73,833</u>	<u>88,983</u>
Total current tax	<u>—</u>	<u>—</u>

### 5 Tangible fixed assets

	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 2005	97,313	32,649	129,962
Additions	47,361	—	47,361
Disposals	—	(9,459)	(9,459)
At 31 March 2006	<u>144,674</u>	<u>23,190</u>	<u>167,864</u>
<b>Depreciation</b>			
At 1 April 2005	19,216	8,270	27,486
Charge for the year	66,355	6,658	73,013
Disposals	—	(1,720)	(1,720)
At 31 March 2006	<u>85,571</u>	<u>13,208</u>	<u>98,779</u>
<b>Net book value</b>			
At 31 March 2006	<u>59,103</u>	<u>9,982</u>	<u>69,085</u>
At 31 March 2005	<u>78,097</u>	<u>24,379</u>	<u>102,476</u>

### 6 Stocks

	2006 £	2005 £
Finished goods	<u>12,849</u>	<u>28,873</u>

The accompanying accounting policies and notes form part of these financial statements.

## Notes to the financial statements (continued)

### 7 Debtors

	2006 £	2005 £
Trade debtors	25,028	370,718
Other debtors	29,109	16,847
Prepayments and accrued income	9,977	77,463
	<u>64,114</u>	<u>465,028</u>

### 8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	311,724	253,410
Other creditors	73,163	18,257
Accruals and deferred income	54,664	92,654
	<u>439,551</u>	<u>364,321</u>

### 9 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to parent undertaking	<u>2,044,914</u>	<u>1,889,362</u>

### 10 Share capital

<b>Authorised</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 11 Statement of movements on profit and loss account

	2006 £	2005 £
At the beginning of the year	(1,530,064)	(1,255,261)
Loss for the financial year	(280,984)	(274,803)
At the end of the year	<u>(1,811,048)</u>	<u>(1,530,064)</u>

## Notes to the financial statements (continued)

### 12 Reconciliation of movements in equity shareholders' deficit

	2006 £	2005 £
Loss for the financial year	(280,984)	(274,803)
Opening equity shareholders' deficit	<u>(1,530,062)</u>	<u>(1,255,259)</u>
Closing equity shareholders' deficit	<u>(1,811,046)</u>	<u>(1,530,062)</u>

### 13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

### 14 Ultimate parent company

The ultimate parent company is Prospects Services Limited, a company registered in England and Wales. Prospects Services Limited prepares group financial statements and copies can be obtained from 19 Elmfield Road, Bromley, Kent, BR1 1LT.