# SALOMONS CENTRE LIMITED

# Annual report and financial statements

# for the year ended 31 July 2010

Registered No 03143393

## Contents

# Directors and advisors

## Directors

| | |
|---|---|
| Professor Michael Wright | resigned 31 August 2010 |
| Professor Tony Lavender | |
| Mr Andrew Ironside | |
| Mr Peter Hermitage | |
| Mr Stephen Clark | appointed 1 September 2010 |

## Company secretary

Mr Paul Bogle

## Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
First Point
Buckingham Gate
Gatwick
RH6 0PP

## Registered office

c/o The Office of the University Solicitor
Canterbury Christ Church University
Rochester House, St Georges Place,
Canterbury, Kent
CT1 1UT

## Registered number

03143393

# Directors' report for the year ended 31 July 2010

The directors present their report and the audited financial statements of Salomons Centre Limited for the year ended 31 July 2010

## Principal activities

The company provides a range of conferencing and events services to clients utilising the facilities at the Tunbridge Wells campus On 31 July 2010, all trading operations, assets and liabilities of Salomons Centre Limited transferred into its parent company Canterbury Christ Church University The trading results for 2009/10 have therefore been shown as discontinued Salomons Centre Limited is part of a group comprising Canterbury Christ Church University and its subsidiary entities

## Review of business

The profit and loss account for the year is set out on page 7 Salomons Centre Limited exceeded the previous year's operating profit This has been achieved by controlling and reducing expenditure across the company There was a small reduction in turnover but this was set against the background of the continuing recession In addition a large customer of the company significantly reduced its business during the year

Performance against key performance indicators during the year, together with historical trend data is set out in the table overleaf

| | 2009/ 2010 | 2008/ 2009 | Definition, method of calculation and analysis |
|---|---|---|---|
| (Reduction)/ Growth in sales (%) | (1.3) | 9.9 | Year on year sales growth expressed as a percentage The reduction in sales, compared to the previous year's continuing business, set against the background of the recession, is a significant achievement |
| Profit margin (before gift aid and taxation) (%) | 4 7 | 4 8 | Profit margin is the percentage of profit (before taxation and gift aid) to turnover This is very close to last year. The reason for the reduction is the significant fall in interest rates (bank interest receivable) |
| Operating margin (%) | 4 7 | 4 3 | Operating margin is the percentage of operating profit (before taxation and gift aid) to turnover This shows an improvement over last year |
| Employee turnover (%) | 22 5 | 25 0 | Employee turnover is the annual average number of leavers as a percentage of the average number of employees The reduction has arisen because, in 2008/09 there were more retirements and a fixed term contract covering long-term sickness, ended |

# Directors' report for the year ended 31 July 2010 (continued)

## Results for the financial year ended 31 July 2010

As a wholly-owned subsidiary of a charitable institution, Salomons Centre Limited gift aids its taxable profits to its parent Canterbury Christ Church University The profit before taxation and gift aid was £102,487 (2008/09 £104,941). The loss after tax and gift aid for 2009/10 is £109,280 (2008/09 profit £40,115) and will be deducted from/transferred to reserves

## Future developments

All trading operations of Salomons Centre Limited will be transferred into its parent company, Canterbury Christ Church University, with effect from 1 August 2010 The trading assets and liabilities of the company were transferred to the parent at net book value on 31 July 2010. The financial statements have been prepared on a break-up basis.

## Directors

The directors of the company who served during the year and up to the date of signing the financial statements were as follows

Professor Michael Wright (Chairman) resigned 31 August 2010
Professor Tony Lavender
Mr Andrew Ironside
Mr Peter Hermitage
Mr Stephen Clark appointed 1 September 2010

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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 for the year ended 31 July 2010 (continued)

## Statement of directors' responsibilities (continued)

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

## Disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirms that so far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

## Principal risks and uncertainties

The directors of Canterbury Christ Church University, of which Salomons Centre Limited is a part, manage risks at a group level, rather than at an individual entity level The principal risks and uncertainties of Canterbury Christ Church University, which include those of the company, are discussed in the directors' report of the group's annual report which does not form part of this report The risks specific to Salomons Centre Limited are managed by the production of an annual budget and monthly management accounts and balance sheets The accounts and their variances are discussed on a monthly basis by the management team at Salomons Centre Limited and by the Senior Management team and Finance Management team at Canterbury Christ Church University Salomons Centre Limited follows the same policies and procedures, including financial regulations of its parent company

## Other

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

A directors & officers insurance policy is held by Canterbury Christ Church University covering all directors, governors and officers of the University. The directors of Salomons Centre Limited are all directors or officers of University and as such are covered by the policy

Approved by the Board of Directors on 1 November 2010 and signed on its behalf by

Professor Tony Lavender
**Executive Director**

# Independent auditors report to the members of Salomons Centre Limited

We have audited the financial statements of Salomons Centre Limited for the year ended 31 July 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3-4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006

# Independent auditors report to the members of Salomons Centre Limited

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Clive Everest (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 November 2010

# Profit and loss account for the year ended 31 July 2010

| | Note | Year ended 31 Jul 10 £ Discontinued | Year ended 31 Jul 09 £ Discontinued |
|---|---|---|---|
| **Turnover** | 2 | 2,169,193 | 2,197,014 |
| Administrative expenses | | (2,061,091) | (2,099,555) |
| **Operating profit** | | 108,102 | 97,459 |
| Bank interest receivable | | 385 | 9,627 |
| Loan interest paid to parent company | | (6,000) | (2,145) |
| Gift aid donation | 6 | (124,114) | (101,035) |
| **(Loss)/profit on ordinary activities before taxation** | 7 | (21,627) | 3,906 |
| Tax on profit on ordinary activities | 8 | (87,653) | 36,209 |
| **(Loss)/profit for the financial year** | 15 | (109,280) | 40,115 |

There is no difference between profit on ordinary activities before taxation and the (loss)/profit for the financial years as stated above, and their historical cost equivalents

There are no recognised gains and losses other than the (loss)/profit for the years shown above.

With effect from 1 August 2010, all trading activities were transferred from Salomons Centre Limited into Canterbury Christ Church University (the parent company) Salomons Centre Limited became dormant Activities are therefore shown as discontinued

# Balance sheet as at 31 July 2010

| | Note | 31 Jul 10 | 31 Jul 09 |
|---|---|---|---|
| | | £ | £ |
| **Fixed assets** | | | |
| Tangible assets | 9 | - | 613,156 |
| **Current assets** | | | |
| Stocks - consumables | | - | 13,811 |
| Debtors | 11 | **326,593** | 206,068 |
| Debtors falling due after more than one year - deferred tax asset | 10 | - | 87,653 |
| Cash at bank and in hand | | - | 361,139 |
| | | **326,593** | 668,671 |
| **Creditors : amounts falling due within one year** | 12 | - | (845,954) |
| **Net current assets/(liabilities)** | | **326,593** | (177,283) |
| **Total assets less current liabilities** | | **326,593** | 435,873 |
| **Capital and reserves** | | | |
| Called up share capital | 13 | **100** | 100 |
| Capital contribution | 14 | **410,000** | 410,000 |
| Profit and loss account | 15 | **(83,507)** | 25,773 |
| **Total shareholders' funds** | 16 | **326,593** | 435,873 |

The financial statements on pages 7 to 21 were approved by the board of directors on 1 November 2010 and were signed on its behalf by

Professor Tony Lavender
**Executive Director**

Registered No 03143393

# Notes to the financial statements for the year ended 31 July 2010

## 1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently, is set out below

### Basis of accounting
The financial statements are prepared in accordance with the historical cost convention The trade and assets have been sold in the year and it is the intention that the company will be dormant for the foreseeable future. The financial statements have been prepared on a break-up basis

### Cash flow statement
The company is a wholly owned subsidiary company of Canterbury Christ Church University, and is included in the consolidated financial statements of that organisation, which are publicly available Consequently, the company has taken advantage of the exemption within FRS1 'Cash flow statements (revised 1996)' from preparing a cash flow statement

### Tangible fixed assets
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned The principal annual rates used for this purpose are

| | % |
|---|---|
| Leasehold improvements | 10 or over term of lease |
| Plant & machinery | 10 - 25 |
| Fixtures and fittings | 25 |
| Furniture | 25 |
| Computers & Audio Visual equipment | 25 |

### Stocks
Stocks are stated at the lower of cost and net realisable value In general, cost is determined on a first in first out basis, and excludes any apportionment of overheads Where necessary, provision is made for obsolete and defective stocks

### Turnover
Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied Turnover is recognised in the month in which the income-generating activity takes place and income is deferred as appropriate where received prior to such activity

# Notes to financial statements for the year ended 31 July 2010 (continued)

## Principle accounting policies (continued)

### Deferred taxation

Deferred tax is recognised in respect of all 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

A net deferred tax asset is recognised 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

### Pensions

The company participates in a group operated defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds The company pays into the Local Government scheme administered by Kent County Council which amalgamates the scheme of Salomons Centre Limited with that of its parent company, Canterbury Christ Church University, thus it is unable to identify its share of the assets and liabilities of the group scheme The company therefore accounts for contributions as if they were to a defined contribution pension scheme Contributions are charged to the profit and loss account in the year to which they relate See note 4 for further details

### Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term to the profit and loss account

### Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, "Related Party Disclosures", not to disclose transactions with Canterbury Christ Church University and other related parties, on the grounds that it is a wholly-owned subsidiary of Canterbury Christ Church University whose financial statements are publicly available

## 2 Turnover

Turnover consists entirely of sales made in the United Kingdom All turnover relates to conference and events and facilities management

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 3 Directors' emoluments

The charge for directors' remuneration has been borne by the parent company, Canterbury Christ Church University. The proportion of remuneration attributable to the services provided for Salomons Centre Limited is deemed to be immaterial to the company and group as a whole Disclosure of directors' emoluments is included in the financial statements of the parent No retirement benefits are accruing to the directors as these are paid by the parent Canterbury Christ Church University under the Local Government Pension Scheme (LGPS) defined benefit scheme

## 4 Pension schemes

The pension scheme for Salomons Centre Limited's staff is the Local Government Pension Scheme (LGPS), administered by Kent County Council The scheme is a defined benefit scheme which is contracted out of the State Earnings Related Pension Scheme

Kent County Council amalgamates the scheme of Salomons Centre Limited with that of its parent company, Canterbury Christ Church University, thus it is unable to identify its share of the underlying assets and liabilities of the group scheme This information is therefore disclosed in consolidated form Paragraph 9(b) of FRS 17 allows schemes, which cannot identify the assets separately, to be accounted for as if they were defined contribution schemes.

The total pension cost for Salomons Centre Limited was £77,382 (2008/09 £65,828) The total pension cost for the University Group was

| | 2009/10 | 2008/09 |
|---|---|---|
| Contribution to LGPS | £2,469k | £2,276k |
| Percentage employers' contribution | 17.6 | 17 6 |

The assumptions and other data relevant to the determination of the contribution level of the scheme are as follows

| | |
|---|---|
| Latest actuarial valuations | 31/03/07 |
| Actuarial method | Projected unit |
| Investment returns per annum | 4 5% |
| Salary scale increases per annum | 4 7% |
| Pension increases per annum | 3 2% |
| Market value of assets at date of last valuation | £2,580m |
| Proportion of members accrued benefits covered by the actuarial value of the assets | 73 0% |

The most recent available valuation with regards to the LGPS is as at 31 March 2007 This valuation indicated that the scheme has a deficit of 27%

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 4 Pension schemes (continued)

The LGPS is a funded scheme and is valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the members of Kent County Council Superannuation Fund on the advice of the actuaries In the intervening years, the LGPS actuary reviews the progress of the LGPS scheme

For LGPS, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations The contribution payable by the employer was increased to 17.6% of pensionable salaries from April 2009

Under the definitions set out in FRS17 "Retirement benefits", the LGPS is a multi-employer defined benefit pension scheme In the case of the LGPS, the actuary of the scheme has identified Canterbury Christ Church University's share of its assets and liabilities as at 31 July 2010

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees The trustees of the fund are required to act in the best interests of the funds' beneficiaries The appointment of the trustees of the fund is determined by the scheme's trust documentation The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisors

The Government has announced that it plans to increase future pensions in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) This change will affect all pension benefits earned to date (and future benefits) so it has been accounted for as an 'actuarial gain' of £2,545k in the income and expenditure account in line with the assumption that the CPI will increase at the slower rate than the RPI

The material assumptions used by the actuary for FRS17 "Retirement benefits" at 31 July 2010 were

| | 2010 | 2009 | 2008 |
|---|---|---|---|
| | % pa | % pa | % pa |
| Inflation / Pension increase | 2 7 | 3 7 | 3 8 |
| Rate of increase in salaries | 4 7 | 5 2 | 5 3 |
| Discount rate for liabilities | 5 4 | 6 0 | 6 7 |

Life expectancy is based on the PFA92 and PMA92 tables, projected to the calendar year 2033 for non pensioners and 2017 for pensioners Based on these assumptions, the average life expectations on retirement at age 65 are

| | Males | Females |
|---|---|---|
| Current pensioners | 21 5 years | 24 4 years |
| Future pensioners | 22 6 years | 25 5 years |

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 4 Pension schemes (continued)

The assets in the scheme and the expected rate of return for Canterbury Christ Church University and the Group were

| | Long term rate of return expected at 31/7/10 | Value at 31 July 2010 | Long term rate of return expected at 31/7/09 | Value at 31 July 2009 | Long term rate of return expected at 31/7/08 | Value at 31 July 2008 |
|---|---|---|---|---|---|---|
| | % per annum | £000s | % per annum | £000s | % per annum | £000s |
| Equities | 7.1 | 26,088 | 7.3 | 19,455 | 7 8 | 18,065 |
| Gilts | 4.3 | 362 | | | | |
| Bonds | 5.4 | 5,073 | 5 3 | 4,793 | 5 7 | 4,653 |
| Property | 5.1 | 2,899 | 5.3 | 2,256 | 5 7 | 2,737 |
| Cash | 3.0 | 1,812 | 4 3 | 1,692 | 4 8 | 1,916 |
| **Total market value of assets** | | 36,234 | | 28,196 | | 27,371 |
| Present value of scheme liabilities | | (50,956) | | (46,579) | | (36,230) |
| Present value of unfunded liabilities | | (43) | | (52) | | (48) |
| **Deficit in the scheme–Net pension liability** | | (14,765) | | (18,435) | | (8,907) |

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the year The actuarial recommended expected returns are shown above

The actual return on scheme assets in the year was £5,014k gain (2009 £1,750k loss)

The equity investments and bonds that are held in plan assets are quoted and valued at the current bid price following the adoption of the amendments to FRS17 "Retirement benefits" Previously, these were valued at mid price and prior years have not been restated as it is not considered material

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 4 Pension schemes (continued)

| Reconciliation of Defined Benefit Obligation | 2010 | 2009 |
|---|---|---|
| | £000s | £000s |
| **Opening Defined Benefit Obligation** | 46,631 | 36,278 |
| Current Service Cost | 2,492 | 1,876 |
| Interest Cost | 2,885 | 2,502 |
| Contributions by Members | 978 | 879 |
| Actuarial gain - change in assumptions to CPI | (2,545) | - |
| Actuarial gain - other | 1,084 | 5,693 |
| Estimated Unfunded Benefits Paid | (5) | (4) |
| Estimated Benefits Paid | (521) | (593) |
| **Closing Defined Benefit Obligation** | 50,999 | 46,631 |

| Reconciliation of Fair Value of Employer Assets | 2010 | 2009 |
|---|---|---|
| | £000s | £000s |
| **Opening Fair Value of Employer Assets** | 28,196 | 27,371 |
| Expected Return on Assets | 1,959 | 2,005 |
| Contributions by Members | 978 | 879 |
| Contributions by the Employer | 2,572 | 2,289 |
| Actuarial Gains/(Losses) | 3,055 | (3,755) |
| Benefits Paid | (526) | (593) |
| **Closing Fair Value of Employer Assets** | 36,234 | 28,196 |

Scheme assets do not include any Canterbury Christ Church University owned financial instruments or any property occupied by Canterbury Christ Church University

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 4 Pension schemes (continued)

| **Recognition in the income and expenditure account** | **2010** | **2009** |
|---|---|---|
| | **£000s** | £000s |
| Current Service Cost | **2,492** | 1,876 |
| Interest Cost | **2,885** | 2,502 |
| Expected Return on Employer Assets | **(1,959)** | (2,005) |
| **Total** | **3,418** | **2,373** |

| **Amounts for the current and previous accounting periods·** | **2010** | **2009** | **2008** | **2007** | **2006** |
|---|---|---|---|---|---|
| | **£000s** | £000s | £000s | £000s | £000s |
| Fair Value of Employer Assets | **36,234** | 28,196 | 27,371 | 27,227 | 22,745 |
| Present Value of Defined Benefit Obligation | **(50,999)** | (46,631) | (36,278) | (32,058) | (30,945) |
| Deficit | **(14,765)** | (18,435) | (8,907) | (4,831) | (8,200) |
| Experience(Losses)/ Gains on Assets | **(3,055)** | (3,755) | (4,060) | 580 | 1,625 |
| Experience Gains/(Losses) on Liabilities | **6** | (2) | 2,883 | (2) | (2) |
| **Amount Recognised in Statement of Consolidated Total Recognised Gains and Losses (STRGL)** | | | | | |
| Actuarial Gains / (Losses) recognised in STRGL | **1,971** | (9,448) | (3,756) | 3,673 | 288 |
| Actuarial gain in respect of pension scheme - change in assumption to CPI | **2,545** | - | - | - | - |
| Total | **4,516** | (9,448) | (3,756) | 3,673 | 288 |

The Cumulative Actuarial Gains and Losses are based on the full available history of Actuarial Gains and Losses for the employer

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 5 Employee information

The monthly average number of employees, employed by Canterbury Christ Church University, whose activities were carried out for Salomons centre Limited during the year was:

| | 2009/10 Number | 2008/09 Number |
|---|---|---|
| **By activity** | | |
| Production of services | 29 | 30 |
| Administration | 4 | 3 |
| | 33 | 33 |

| | | |
|---|---|---|
| **Staff costs (for the above persons)** | £ | £ |
| Wages and salaries | 869,707 | 866,370 |
| Social security costs | 60,898 | 63,647 |
| Other pension costs (note 4) | 77,382 | 65,828 |
| | 1,007,987 | 995,845 |

## 6 Gift aid donation

The company entered into a deed of covenant (gift aid) with Canterbury Christ Church University on 1 May 1996 whereby the company covenanted to pay to the University an annual sum equal to its profits chargeable to corporation tax before deducting the annual sum payable

## 7 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging

| | 2009/10 | 2008/09 |
|---|---|---|
| Operating lease charges | £ | £ |
| - plant and machinery | 5,772 | 5,722 |
| - other | 50,000 | 50,000 |
| Depreciation of tangible fixed assets | 134,463 | 108,559 |
| Auditors' remuneration | 9,425 | 10,650 |

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 8 Tax on (loss)/profit on ordinary activities

### (a) Analysis of charge in the year

| | 2009/10 | 2008/09 |
|---|---|---|
| Current Tax | £ | £ |
| UK Corporation tax on (loss)/profits for the year | - | - |
| Total current tax (Note 8b) | - | - |
| Deferred Tax | | |
| Current year origination and reversal of timing differences | (87,653) | 41,029 |
| Recognition of previously unprovided deferred tax asset | - | (4,820) |
| Total deferred tax (Note 10) | (87,653) | 36,209 |
| Tax on (loss)/profit on ordinary activities | (87,653) | 36,209 |

### (b) Factors affecting tax charge for the year

The tax charge for the year is lower (2008/09 lower) than the standard rate of corporation tax in the UK 28% (2008/09 28%) The differences are explained below

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| Profit on ordinary activities before gift aid payment | 102,487 | 104,941 |
| Profit on ordinary activities before gift aid payment multiplied by the standard rate of corporation tax of 28% (2008/09 28%) | 28,696 | 29,383 |
| Effects of | | |
| Expenses not deductible for tax purposes | 14,067 | 13,243 |
| Capital allowances in excess of depreciation | (8,077) | (8,693) |
| Other short term timing differences | 66 | (5,643) |
| Tax effect of gift aid payment to Canterbury Christ Church University | (34,752) | (28,290) |
| Income not liable to taxation | - | - |
| Utilisation of tax losses and other deductions | - | - |
| Current tax charge for the year (Note 8a) | - | - |

### (c) Factors affecting future tax charges

The company was made dormant on 31 July 2010 and will therefore no longer make gift aid payments to its parent, Canterbury Christ Church University, in future years It is therefore unlikely to incur a current tax charge for the foreseeable future

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 9 Tangible assets

| | Leasehold improvements | Plant & machinery | Fixtures, fittings & furniture | Audio visual/ computer | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 Aug 2009 | 847,770 | 235,064 | 398,112 | 756,562 | 2,237,508 |
| Additions | - | 6,837 | 40,289 | 55,705 | 102,831 |
| Disposals | (847,770) | (241,901) | (438,401) | (812,267) | (2,340,339) |
| **At 31 July 2010** | - | - | - | - | - |
| Accumulated depreciation | | | | | |
| At 1 Aug 2009 | (435,644) | (193,697) | (322,703) | (672,308) | (1,624,352) |
| Charge for year | (43,494) | (18,339) | (31,244) | (41,386) | (134,463) |
| Disposals in year | 479,138 | 212,036 | 353,947 | 713,694 | 1,758,815 |
| **At 31 July 2010** | - | - | - | - | - |
| Net book value | | | | | |
| **At 31 July 2010** | - | - | - | - | - |
| At 31 July 2009 | 412,126 | 41,367 | 75,409 | 84,254 | 613,156 |

## 10 Deferred tax asset

| | 2009/10 | 2009/10 | 2008/09 |
|---|---|---|---|
| | £ | £ | £ |
| | Recognised | Unrecognised | Recognised |
| Depreciation in excess of accelerated capital allowances | - | 33,629 | 85,391 |
| Unutilised losses and other short term timing differences | - | 2,328 | 2,262 |
| Undiscounted deferred tax asset | - | 35,957 | 87,653 |
| Asset at start of year | 87,653 | | 51,444 |
| Deferred tax (charge)/credit in profit and loss account (note 8) | (87,653) | | 36,209 |
| Asset at end of year | - | | 87,653 |

No deferred tax asset has been recognised in the financial statements. Because the company ceased trading with effect from 1 August 2010 the deferred tax asset will not be recoverable in the future All assets and liabilities have been transferred to the parent company, Canterbury Christ Church University, which will be unable to recover the tax in future periods

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 11 Debtors

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| Trade debtors | - | 172,859 |
| Amounts owed by parent company | 326,593 | 7,548 |
| Other debtors | - | 200 |
| Prepayments and accrued income | - | 25,461 |
| | 326,593 | 206,068 |

Amounts owed by parent company are unsecured, interest free and repayable on demand

## 12 Creditors: amounts falling due within one year

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| Trade creditors | - | 72,083 |
| Amount owed to parent company | - | 400,000 |
| Taxation and social security | - | 13,848 |
| Other creditors | - | 474 |
| Accruals and deferred income | - | 258,514 |
| Gift aid due to parent company | - | 101,035 |
| | - | 845,954 |

Salomons Centre Limited's parent company, Canterbury Christ Church University, made a loan to the company of £400,000 The parent company was paid interest on the loan at 1% above base rate

## 13 Called up share capital

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| Authorised | | |
| 100 (2008/09 100) ordinary shares at £1 each | 100 | 100 |
| Allotted and fully paid | | |
| 100 (2008/09 100) ordinary shares at £1 each | 100 | 100 |

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 14 Capital contribution

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| Capital contribution from parent company | 410,000 | 410,000 |

## 15 Profit and loss account

| | 2009/10 |
|---|---|
| | £ |
| As at 1 August 2009 | 25,773 |
| Loss for the financial year | (109,280) |
| As at 31 July 2010 | (83,507) |

## 16 Reconciliation of movements in shareholders' funds

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| (Loss)/profit for the financial year | (109,280) | 40,115 |
| Opening shareholders' funds | 435,873 | 395,758 |
| Closing shareholders' funds | 326,593 | 435,873 |

## 17 Financial commitments

At 31 July 2010 the company had annual commitments under non-cancellable operating leases as follows

| | 2009/10 | 2008/09 |
|---|---|---|
| | £ | £ |
| Other | | |
| Expiring within two to five years | £nil | 5,772 |
| Land and buildings | | |
| Expiring within two to five years | £nil | 50,000 |

## 18 Related party disclosures

There were no related party transactions requiring disclosure during the year (2008/09 none)

# Notes to financial statements for the year ended 31 July 2010 (continued)

## 19 Ultimate parent and controlling party

The ultimate parent undertaking and controlling party is Canterbury Christ Church University, a company incorporated in the United Kingdom The consolidated financial statements of Canterbury Christ Church University, which include the results of Salomons Centre Limited, can be obtained from The Office of the University Solicitor, Rochester House, St Georges Place, Canterbury, Kent, CT1 1UT

## 20 Post balance sheet event

With effect from 1 August 2010 Salomons Centre Limited became dormant Its activities are continuing within the parent company Canterbury Christ Church University. The estimated financial effect will continue at a similar level to that included in the current years' profit and loss statement before gift aid and taxation