Bosworth Independent College Limited

Report and Financial Statements

Year Ended

31 August 2012

Company Number 03336633



Bosworth Independent College Limited

Report and financial statements
for the year ended 31 August 2012

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Directors

M A V Broadway
D T P Game

Secretary and registered office

P N Broadway, Nazareth House, The Old University Building, Barrack Road, Northampton, NN2 6AF

Company number

03336633

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

Bosworth Independent College Limited

Report of the directors
for the year ended 31 August 2012

The directors present their report together with the audited financial statements for the year ended 31 August 2012

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

Principal activities, review of business and future developments

The company's principal activity is that of a tutorial college In the opinion of the directors, the state of the company's affairs is satisfactory The level of activity is expected to be maintained for the forseeable future

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in prices, credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring market prices and maintaining close control over debtors

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's financial department

Credit Risk

Due to the nature of the company's operations it is policy to invoice in advance for tuition fees

Due to this, the company has limited exposure to credit risk

Liquidity risk and cash flow

The company actively monitors its liquidity and cash flow position to ensure it has sufficient finance in order to fund its activities

Price Risk

Since the company operates in the educational sector, it is not significantly affected by changes in market prices of raw materials However, the company actively monitors wage rates as wage costs are the main expense

Directors

The directors of the company during the year were

M A V Broadway
D T P Game

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 elected to prepare 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 these 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

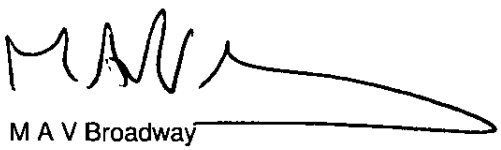
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

On behalf of the board



11th January 2013

M A V Broadway

Director

Bosworth Independent College Limited

Independent auditor's report

To the members of Bosworth Independent College Limited

We have audited the financial statements of Bosworth Independent College Limited for the year ended 31 August 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement 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)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 August 2012 and of its profit 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 requirements of the Companies Act 2006

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

Christopher Driver (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom
15th January 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Bosworth Independent College Limited

Profit and loss account
for the year ended 31 August 2012

	Note	2012 £	2011 £
Turnover	2	**6,384,431**	5,823,378
Administrative expenses		**4,851,253**	4,569,316
Operating profit	3	**1,533,178**	1,254,062
Other interest receivable and similar income		**9,943**	8,685
Interest payable and similar charges	6	**(182,678)**	(218,356)
Profit on ordinary activities before taxation		**1,360,443**	1,044,391
Taxation on profit on ordinary activities	7	**344,464**	273,498
Profit on ordinary activities after taxation		**1,015,979**	770,893

All amounts relate to continuing activities
All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

Bosworth Independent College Limited

Balance sheet
at 31 August 2012

Company number 03336633	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	8		**11,250**		13,500
Tangible assets	9		**9,534,421**		7,432,697
			9,545,671		7,446,197
Current assets					
Stocks	10	**15,884**		9,443	
Debtors	11	**75,995**		65,493	
Cash at bank and in hand		**2,387,027**		2,603,139	
		2,478,906		2,678,075	
Creditors: amounts falling due within one year	12	**4,483,755**		4,343,361	
Net current liabilities			**(2,004,849)**		(1,665,286)
Total assets less current liabilities			**7,540,822**		5,780,911
Creditors. amounts falling due after more than one year	13	**3,685,619**		2,985,028	
Provisions for liabilities	14	**91,167**		47,826	
			3,776,786		3,032,854
			3,764,036		2,748,057
Capital and reserves					
Called up share capital	15		**213,300**		213,300
Capital redemption reserve	16		**23,700**		23,700
Profit and loss account	16		**3,527,036**		2,511,057
Shareholders' funds	17		**3,764,036**		2,748,057

The financial statements were approved by the board of directors and authorised for issue on 11th January 2013

Director

The notes on pages 8 to 17 form part of these financial statements

Bosworth Independent College Limited

Cashflow statement
for the year ended 31 August 2012

	Note	2012 £	2012 £	2011 £	2011 £
Net cash inflow from operating activities	19		**2,086,199**		2,267,514
Returns on investments and servicing of finance					
Interest received		**9,943**		8,685	
Interest paid bank loans		**(16,107)**		(14,977)	
Interest paid other loans		**(166,571)**		(203,379)	
Net cash outflow from returns on investments and servicing of finance			**(172,735)**		(209,671)
Taxation					
Corporation tax paid			**(244,380)**		(295,479)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets			**(2,388,878)**		(261,606)
Cash (outflow)/inflow before use of financing			**(719,794)**		1,500,758
Financing					
New loans		**1,000,000**		-	
Loans repaid		**(496,318)**		(865,229)	
Net cash inflow/(outflow) from financing			**503,682**		(865,229)
(Decrease)/increase in cash	20		**(216,112)**		635,529

The notes on pages 8 to 17 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

Goodwill

Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years

Turnover

Turnover represents tuition fees, boarding fees and other educational related income to external customers at invoiced amounts less local taxes on sales

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives It is calculated at the following rates

Freehold property	- 2% per annum
Leasehold property	- 10% - 20% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 25% per annum
Office and school equipment	- 25% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value Cost is based on the cost of purchase on a first in, first out basis Net realisable value is based on estimated selling price

Dividends

Equity dividends are recognised when they become legally payable Interim equity dividends are recognised when paid Final equity dividends are recognised when approved by the shareholders at an annual general meeting

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

1 Accounting policies *(continued)*

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Operating profit

	2012 £	2011 £
This is arrived at after charging		
Depreciation of tangible fixed assets	**287,154**	241,231
Amortisation of positive goodwill	**2,250**	2,250
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	**7,000**	7,000
Auditors' remuneration for non audit services - taxation	**3,760**	8,128

4 Employees

Staff costs (including directors) consist of

	2012 £	2011 £
Wages and salaries	**2,468,323**	2,321,747
Social security costs	**206,031**	190,661
Other pension costs	**15,147**	9,000
	2,689,501	2,521,408

The average number of employees (including directors) during the year was 154 (2011 - 159)

5 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	**130,475**	97,232

6 Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	**16,107**	14,977
Interest payable - directors' loans	**166,571**	203,379
	182,678	218,356

7 Taxation on profit on ordinary activities

	2012 £	2011 £
UK Corporation tax		
Current tax on profits of the year	**326,746**	274,640
Adjustment in respect of previous periods	**(25,623)**	(59,685)
Total current tax	**301,123**	214,955
Deferred tax		
Origination and reversal of timing differences	**47,785**	47,901
Adjustment in respect of previous periods	**-**	14,774
Effect of rate change on closing liability	**(4,444)**	(4,132)
Movement in deferred tax provision	**43,341**	58,543
Taxation on profit on ordinary activities	**344,464**	273,498

7 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	**1,360,443**	1,044,391
Profit on ordinary activities at the standard rate of corporation tax in the UK of 25 17% (2011 - 27 16%)	**342,424**	283,657
Effect of		
Expenses not deductible for tax purposes	**31,857**	38,989
Capital allowances for period in excess of depreciation	**(47,785)**	(45,211)
Adjustment to tax charge in respect of previous periods	**(25,623)**	(59,685)
Different tax rate on deferred tax movement	**325**	(121)
Different tax rate on current year charge	**(80)**	17
Other timing differences	**5**	(2,691)
Current tax charge for the year	**301,123**	214,955

8 Intangible fixed assets

	Purchased goodwill £
Cost	
At 1 September 2011 and 31 August 2012	**45,000**
Amortisation	
At 1 September 2011	31,500
Provided for the year	2,250
At 31 August 2012	**33,750**
Net book value	
At 31 August 2012	**11,250**
At 31 August 2011	13,500

9 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 September 2011	8,199,816	3,575	953,267	9,156,658
Additions	2,187,541	4,860	196,477	2,388,878
At 31 August 2012	**10,387,357**	**8,435**	**1,149,744**	**11,545,536**
Depreciation				
At 1 September 2011	926,676	3,575	793,710	1,723,961
Provided for the year	170,376	1,215	115,563	287,154
At 31 August 2012	**1,097,052**	**4,790**	**909,273**	**2,011,115**
Net book value				
At 31 August 2012	**9,290,305**	**3,645**	**240,471**	**9,534,421**
At 31 August 2011	7,273,140	-	159,557	7,432,697

10 Stocks

	2012 £	2011 £
Raw materials and consumables	**15,884**	9,443

There is no material difference between the replacement cost of stocks and the amounts stated above

11 Debtors

	2012 £	2011 £
Trade debtors	**16,942**	32,329
Other debtors	**1,995**	430
Prepayments and accrued income	**57,058**	32,734
	75,995	65,493

All amounts shown under debtors fall due for payment within one year

12 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts (secured)	**164,899**	154,843
Directors' loans (unsecured)	**73,401**	171,792
Payments received on account	**3,297,044**	3,161,833
Trade creditors	**214,210**	162,044
Corporation tax	**150,245**	93,502
Other taxation and social security	**62,350**	60,456
Related party loan (unsecured)	**80,998**	189,572
Accruals and deferred income	**440,608**	349,319
	4,483,755	4,343,361

Director's and related party loans are unsecured and repayable at a minimum of £21,300 per month

13 Creditors· amounts falling due after more than one year

	2012 £	2011 £
Bank loans (secured)	**1,598,525**	743,156
Related party loan (unsecured)	**1,094,889**	1,176,085
Directors' loans (unsecured)	**992,205**	1,065,787
	3,685,619	2,985,028

13 Creditors: amounts falling due after more than one year *(continued)*

Maturity of debt

	Loans and overdrafts 2012 £	Loans and overdrafts 2011 £
In one year or less, or on demand	**164,899**	154,843
In more than one year but not more than two years	**168,010**	157,166
In more than two years but not more than five years	**442,954**	412,369
In more than five years	**987,561**	173,621
	1,598,525	743,156

	Director's loan 2012 £	Director's loan 2011 £
In more than one year but not more than two years	**77,619**	184,957
In more than two years but not more than five years	**260,657**	642,493
In more than five years	**653,929**	238,337
	992,205	1,065,787

	Related party loan 2012 £	Related party loan 2011 £
In more than one year but not more than two years	85,652	204,098
In more than two years but not more than five years	287,632	708,985
In more than five years	721,605	263,002
	1,094,889	1,176,085

The company has seven loans with NatWest Bank Plc that mature between November 2015 and July 2027 The loans and overdraft are secured by a charge over the company's freehold land and buildings The loans are being repaid by monthly payments and incur interest at rates of 1% to 3% above the Bank of England base rate and 3% above LIBOR

14 Provisions for liabilities

	Deferred taxation £
At 1 September 2011	47,826
Charged to profit and loss account	43,341
At 31 August 2012	**91,167**

Deferred taxation

	2012 £	2011 £
Accelerated capital allowances	**91,887**	48,576
Sundry timing differences	**(720)**	(750)
	91,167	47,826

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
213300 ordinary shares of £1 each	**213,300**	213,300

16 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 September 2011	23,700	2,511,057
Profit for the year	-	1,015,979
At 31 August 2012	**23,700**	**3,527,036**

17 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the year	**1,015,979**	770,893
Opening shareholders' funds	**2,748,057**	1,977,164
Closing shareholders' funds	**3,764,036**	2,748,057

18 Related party disclosures

Controlling parties

The company is controlled by Mr M Broadway by virtue of his ownership of 56% of the issued share capital

Loans and transactions concerning directors and officers of the company

	Rent paid 2011 £	Rent paid 2010 £
M A V Broadway	**24,931**	24,332
D T P Game	**30,011**	29,279
Mrs J Broadway	**6,921**	6,753

As at 31 August 2012, there is a loan balance outstanding to the director D T P Game of £1,065,606 (2011 £1,237,579) There is also a loan balance due to Mrs J Broadway, wife of director M A V Broadway, of £1,175,887 (2011 £1,365,657) During the year interest totalling £63,350 (2011 £68,042) was paid to D T P Game and £69,907 (2011 £75,069) was paid to Mrs J Broadway Interest was paid on the loans at a rate of 7%

19 Reconciliation of operating profit to net cash inflow from operating activities

	2012 £	2011 £
Operating profit	**1,533,178**	1,254,062
Amortisation of intangible fixed assets	**2,250**	2,250
Depreciation of tangible fixed assets	**287,154**	241,231
(Increase)/decrease in stocks	**(6,441)**	4,276
Increase in debtors	**(10,502)**	(16,871)
Increase in creditors	**280,560**	782,566
Net cash inflow from operating activities	**2,086,199**	2,267,514

20 Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
(Decrease)/increase in cash	**(216,112)**	635,529
Cash (outflow)/inflow from changes in debt	**(503,682)**	865,229
Movement in net debt	**(719,794)**	1,500,758
Opening net debt	**(898,096)**	(2,398,854)
Closing net debt	**(1,617,890)**	(898,096)

21 Analysis of net debt

	At 1 September 2011 £	Cash flow £	At 31 August 2012 £
Cash at bank and in hand	2,603,139	(216,112)	**2,387,027**
Debt due within one year	(516,207)	196,909	**(319,298)**
Debt due after one year	(2,985,028)	(700,591)	**(3,685,619)**
Total	(898,096)	(719,794)	**(1,617,890)**