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Company Registration No. 3990621 (England and Wales)

MARLOWE RESIDENTIAL SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2003



MARLOWE RESIDENTIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	A S Thomas W G Thomas A Davey S P Miller
Secretary	A Davey
Company number	3990621
Registered office	Staverton Court Staverton Cheltenham Gloucestershire GL51 0UX
Auditors	Hazlewoods Staverton Court Staverton Cheltenham Gloucestershire GL51 0UX
Business address	Hartpury Old School Gloucester Road Hartpury Gloucester GL19 3BG

MARLOWE RESIDENTIAL SERVICES LIMITED

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MARLOWE RESIDENTIAL SERVICES LIMITED

DIRECTORS' REPORT for the year ended 31 August 2003

The directors present their report and financial statements for the year ended 31 August 2003.

Principal activities

The principal activity of the company is that of the provision of care and education to young people in the care of local authorities.

Directors

The following directors have held office since 1 September 2002:

A S Thomas
W G Thomas
A Davey
S P Miller

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2003	1 September 2002
A S Thomas	-	-
W G Thomas	-	-
A Davey	-	-
S P Miller	-	-

The directors' interests in the shares of Marlowe Child and Family Services Limited, the ultimate parent company, are disclosed in that company's financial statements.

Auditors

Hazlewoods have expressed their willingness to continue on office.

MARLOWE RESIDENTIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) for the year ended 31 August 2003

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;
- 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.

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

.....*A Thomas*.....

A S Thomas

Director

16/1/04.....

MARLOWE RESIDENTIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MARLOWE RESIDENTIAL SERVICES LIMITED

We have audited the financial statements of Marlowe Residential Services Limited on pages 4 to 8 for the year ended 31 August 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out herein.

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 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hazlewoods

Chartered Accountants

Registered Auditor

26 January 2004

Staverton Court
Staverton
Cheltenham
Gloucestershire
GL51 0UX

MARLOWE RESIDENTIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 August 2003

	Notes	2003 £	2002 £
Turnover		1,784,566	2,014,683
Cost of sales		(1,127,543)	(1,200,109)
Gross profit		657,023	814,574
Administrative expenses		(637,506)	(641,168)
Operating profit	2	19,517	173,406
Other interest receivable and similar income		89	-
Interest payable and similar charges		(39)	(47)
Profit on ordinary activities before taxation		19,567	173,359
Tax on profit on ordinary activities	3	(5,489)	(14,686)
Profit on ordinary activities after taxation		14,078	158,673
Dividends		(14,000)	(150,000)
Retained profit for the year	9	78	8,673

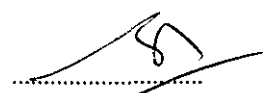
MARLOWE RESIDENTIAL SERVICES LIMITED

BALANCE SHEET as at 31 August 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	4		17,822		34,371
Current assets					
Debtors	5	423,728		395,224	
Cash at bank and in hand		2,378		6,752	
		<u>426,106</u>		<u>401,976</u>	
Creditors: amounts falling due within one year	6	<u>(429,522)</u>		<u>(422,019)</u>	
Net current liabilities			(3,416)		(20,043)
Total assets less current liabilities			<u>14,406</u>		<u>14,328</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		14,306		14,228
Shareholders' funds			<u>14,406</u>		<u>14,328</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 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 16/1/04.....


S P Miller
Director

MARLOWE RESIDENTIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2003

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents the amounts excluding value added tax receivable during the year for goods and services supplied.

1.3 Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates:

Plant and equipment	50% on cost per annum
Motor vehicles	50% on cost per annum

1.4 Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	28,257	16,115
Auditors' remuneration	4,200	4,150

The directors received no remuneration during either year.

3 Taxation

	2003	2002
	£	£
U.K. current year taxation		
U.K. corporation tax at 19 % (2002 - 19 %)	5,489	14,686

MARLOWE RESIDENTIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2003

4 Tangible fixed assets

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 September 2002	40,038	12,410	52,448
Additions	11,697	1,000	12,697
Disposals	-	(2,157)	(2,157)
At 31 August 2003	51,735	11,253	62,988
Depreciation			
At 1 September 2002	15,367	2,710	18,077
On disposals	-	(1,168)	(1,168)
Charge for the year	22,148	6,109	28,257
At 31 August 2003	37,515	7,651	45,166
Net book value			
At 31 August 2003	14,220	3,602	17,822
At 31 August 2002	24,671	9,700	34,371

5 Debtors

	2003 £	2002 £
Trade debtors	147,451	183,038
Amounts owed by group undertakings	272,924	208,468
Other debtors	3,353	3,718
	423,728	395,224

6 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	6,336	-
Trade creditors	83,441	90,294
Taxation and social security	27,242	41,248
Other creditors	312,503	290,477
	429,522	422,019

The bank overdraft is secured.

MARLOWE RESIDENTIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2003

7 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,304 (2002 - £4,332).

8 Share capital	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2002	14,228
Retained profit for the year	78
Balance at 31 August 2003	14,306

10 Transactions with directors

S P Miller, A S Thomas and W G Thomas are also directors in St David's ASC (Marlowe) Limited. The amount due to from St David's ASC (Marlowe) Limited at the end of the year was £118,836 (2002 £20,631). In addition rents of £15,600 (2002 £12,600) were charged to the company by A S Thomas and W G Thomas.

11 Control

The ultimate parent company is Marlowe Child and Family Services Limited ('MCFS') which is controlled by Mrs A S Thomas. During the year rent and insurance of £104,796 (2002 £121,236), wages of £51,353 (2002 £14,014), maintenance costs of £12,212 (2002 £nil) and motor running expenses of £5,914 (2002 £12,819) were charged to the company by MCFS. The amounts due from MCFS and Althea Park House (Marlowe) Limited, a fellow subsidiary undertaking, at the end of the year were £116,006 (2002 £207,660) and £156,918 (2002 £808) respectively. In addition the company has guaranteed the bank borrowings of its ultimate parent and fellow subsidiary undertaking which at 31 August 2003 amounted to £815,837.