

G. Hume

Company Registration No. 3990621 (England and Wales)

MARLOWE RESIDENTIAL SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2004



MARLOWE RESIDENTIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	A Davey M F Hall (Appointed 30 September 2004) M Nelmes-Crocker (Appointed 30 September 2004)
Secretary	A Davey
Company number	3990621
Registered office	Staverton Court Staverton Cheltenham Gloucestershire GL51 0UX
Auditors	Hazlewoods LLP 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 2004

The directors present their report and financial statements for the year ended 31 August 2004.

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 2003:

A S Thomas	(Resigned 26 August 2004)
W G Thomas	(Resigned 26 August 2004)
A Davey	
S P Miller	(Resigned 17 May 2004)
M F Hall	(Appointed 30 September 2004)
M Nelmes-Crocker	(Appointed 30 September 2004)

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 August 2004	1 September 2003
A Davey	-	-

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 LLP have expressed their willingness to continue on office.

MARLOWE RESIDENTIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) for the year ended 31 August 2004

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 Davey
Director

29 April 2005



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 2004. 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hazlewoods LLP

Chartered Accountants

Registered Auditor

65m 2005
Staverton Court
Staverton
Cheltenham
Gloucestershire
GL51 0UX

MARLOWE RESIDENTIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 August 2004

	Notes	2004 £	2003 £
Turnover		1,763,213	1,784,566
Cost of sales		(1,044,944)	(1,127,543)
Gross profit		718,269	657,023
Administrative expenses		(498,525)	(637,506)
Operating profit	2	219,744	19,517
Other interest receivable and similar income		74	89
Interest payable and similar charges		-	(39)
Profit on ordinary activities before taxation		219,818	19,567
Tax on profit on ordinary activities	3	(13,196)	(5,489)
Profit on ordinary activities after taxation		206,622	14,078
Dividends		(214,000)	(14,000)
Retained (loss)/profit for the year	9	(7,378)	78

MARLOWE RESIDENTIAL SERVICES LIMITED

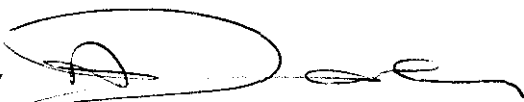
BALANCE SHEET as at 31 August 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	4		50,322		17,822
Current assets					
Debtors	5	620,422		423,728	
Cash at bank and in hand		11,005		2,378	
		<u>631,427</u>		<u>426,106</u>	
Creditors: amounts falling due within one year	6	<u>(674,721)</u>		<u>(429,522)</u>	
Net current liabilities			(43,294)		(3,416)
Total assets less current liabilities			<u>7,028</u>		<u>14,406</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		6,928		14,306
Shareholders' funds			<u>7,028</u>		<u>14,406</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 29 April 2005

A Davey
Director



MARLOWE RESIDENTIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2004

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	20 - 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

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	24,011	28,257
Auditors' remuneration	3,100	4,200
	<u>27,111</u>	<u>32,457</u>

The directors received no remuneration during either year.

3 Taxation

	2004	2003
	£	£
U.K. current year taxation		
U.K. corporation tax at 30% (2003- 19%)	13,196	5,489
	<u>13,196</u>	<u>5,489</u>

MARLOWE RESIDENTIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2004

4 Tangible fixed assets

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 September 2003	51,735	11,253	62,988
Additions	39,113	21,051	60,164
Disposals	-	(11,887)	(11,887)
At 31 August 2004	90,848	20,417	111,265
Depreciation			
At 1 September 2003	37,515	7,651	45,166
On disposals	-	(8,234)	(8,234)
Charge for the year	16,780	7,231	24,011
At 31 August 2004	54,295	6,648	60,943
Net book value			
At 31 August 2004	36,553	13,769	50,322
At 31 August 2003	14,220	3,602	17,822

5 Debtors

	2004 £	2003 £
Trade debtors	97,245	147,451
Amounts owed by group undertakings	513,585	272,924
Other debtors	9,592	3,353
	620,422	423,728

6 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	6,336
Trade creditors	116,999	83,441
Taxation and social security	35,804	27,242
Other creditors	521,918	312,503
	674,721	429,522

The bank overdraft is secured.

MARLOWE RESIDENTIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 August 2004

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 £4,241 (2003 £5,304).

8 Share capital	2004 £	2003 £
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 2003	14,306
Retained loss for the year	(7,378)
Balance at 31 August 2004	6,928

10 Transactions with directors

S P Miller, Mrs A S Thomas and W G Thomas, who resigned as directors of the company during the year as set out in the directors' report, are also directors and shareholders in St David's C&FS Limited the subsidiary of which is St David's ASC (Marlowe) Limited. The amount due to St David's ASC (Marlowe) Limited at the end of the year was £277,136 (2003 £118,836). In addition rents of £15,600 (2003 £15,600) were charged to the company by Mrs A S Thomas and W G Thomas.

11 Control

The ultimate parent company is Marlowe Child and Family Services Limited ('MCFS') which to 30 September 2004 was controlled by Mrs A Thomas and since that date is controlled by S P Miller and Mrs A Davey. During the year rent and insurance of £98,076 (2003 £104,796), wages of £23,523 (2003 £51,353), maintenance costs of £3,715 (2003 £12,212) and motor running expenses of £2,530 (2003 £5,914) were charged to the company by MCFS. The amount due from MCFS at the end of the year was £513,585 (2003 £116,006). In addition the company has guaranteed the bank borrowings of its ultimate parent and those of St David's C&FS Limited and St David's ASC (Marlowe) Limited (note 10) which at 31 August 2004 amounted to £705,357.