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Houghall Enterprises Ltd 

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## ***Houghall Enterprises Limited***

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### **Directors Report and Financial Statements Year Ended 31 July 2005**

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East Durham & Houghall Community College  
Burnhope Way  
Peterlee  
Co. Durham SR8 1NU

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## Directors' Report and Financial Statements 31 July 2005

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## **Directors' Report and Financial Statements 31 July 2005**

### **Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 31 July 2005.

### **Parent Undertaking**

This company is a subsidiary of East Durham & Houghall Community College.

### **Principal Activities**

The principal activity of the company is to engage in commercial activities which are ancillary to the principal activities of East Durham & Houghall Community College.

### **Business Review**

The company's profit and loss account appears on page 7. The loss of £73,497 after taxation has been transferred to reserves. The directors do not recommend the payment of a dividend.

### **Directors and Directors' Interests**

The directors who held office during the year were as follows:

S. Hudson  
A. Lockwood  
M. Fallow  
W. Bone (resigned 31 March 2005)  
A. Cowley  
K Gregory (appointed 7 July 2005)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.



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## **Directors' Report and Financial Statements 31 July 2005**

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

**Andrew Lockwood**  
**Director**  
**Burnhope Way**  
**Peterlee**  
**Co. Durham**  
**SR8 1NU**

**Date**  
15 **December 2005**



East Durham & Houghall Community College  
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## **Directors' Report and Financial Statements 31 July 2005**

### **Statement of 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 for that year. 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 and;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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## **Directors' Report and Financial Statements 31 July 2005**

### **Independent auditor's report to the members of Houghall Enterprises Limited**

We have audited the financial statements on pages 7 to 14.

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 directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4 of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### **Basis of audit opinion**

We conducted our audit in accordance with 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.



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## Directors' Report and Financial Statements 31 July 2005

### Opinion

In our opinion, the financial statements give a true and fair view of the statement of the company's affairs as at 31 July 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP.*

### KPMG LLP

Chartered Accountants  
Registered Auditors  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

*15 December 2005*



East Durham & Houghall Community College  
Burnhope Way  
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## Directors' Report and Financial Statements 31 July 2005

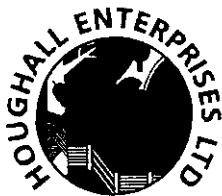
### Profit and Loss Account For the year ended 31 July 2005

	Note	2005 £	2004 £
Turnover	1	15,244	749,607
Cost of sales		(8,631)	(732,588)
<b>Gross profit</b>		6,613	17,019
Administrative expenses		(80,612)	(33,555)
Other Operating Income		-	11,148
<b>Operating loss</b>	2-4	(73,999)	(5,388)
Interest receivable	5	502	121
<b>Loss on ordinary activities before tax</b>		(73,497)	(5,267)
Tax on loss on ordinary activities	6	-	(4,970)
<b>Loss for the year</b>	11	(73,497)	(10,237)

The company has not recognised any gains and losses other than those passing through the profit and loss account.

The above relates entirely to continuing operations.





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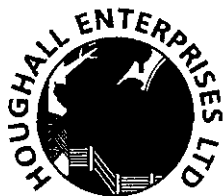
## Directors' Report and Financial Statements 31 July 2005

### Balance Sheet At 31 July 2005

	Note	2005 £	2005 £	2004 £	2004 £
<b>Fixed assets</b>					
Tangible fixed assets	7		10,238		14,847
<b>Current assets</b>					
Debtors	8	-		330,134	
Cash in bank and in hand		6,263		58,417	
		<u>6,263</u>		<u>388,551</u>	
<b>Creditors</b>					
Amounts falling due within one year	9	(2,460)		(315,860)	
		<u></u>		<u></u>	
<b>Net current assets</b>			3,803		72,691
<b>Net assets</b>			<u>14,041</u>		<u>87,538</u>
<b>Capital &amp; reserves</b>					
Called up share capital	10		1		1
Non-distributable reserve	11		27,414		27,414
Profit and loss account	11		(13,374)		60,123
			<u></u>		<u></u>
<b>Shareholders' funds : equity</b>			<u>14,041</u>		<u>87,538</u>

These financial statements were approved by the board of directors on 15 December 2005 and were signed on its behalf by:

**Andrew Lockwood**  
Director



East Durham & Houghall Community College  
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## Directors' Report and Financial Statements 31 July 2005

### Reconciliation of movements in shareholders' funds For the year ended 31 July 2005

	2005 £	2004 £
Loss for the year	(73,497)	(10,237)
Opening shareholders' funds	<u>87,538</u>	<u>97,775</u>
Closing shareholders' funds	<u>14,041</u>	<u>87,538</u>



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## Directors' Report and Financial Statements 31 July 2005

### Notes

(forming part of the financial statements)

#### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

##### **Basis of preparation**

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

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under section 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

As the company is a wholly owned subsidiary of East Durham & Houghall Community College the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of East Durham & Houghall Community College, within which the company is included, can be obtained from the address given in note 13.

##### **Fixed assets and depreciation**

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Vehicles	- 6-8 years
Equipment, fixtures and fittings	- 8 years
Computer equipment	- 4 years

##### **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which has arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

##### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.



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## Directors' Report and Financial Statements 31 July 2005

### 2. Loss on ordinary activities before taxation

	2005 £	2004 £
<b>Loss on ordinary activities before taxation is stated after charging;</b>		
Auditors' Remuneration for Audit	1,650	1,590
Depreciation of tangible fixed assets	4,609	4,379

### 3. Remuneration of directors

None of the directors received any remuneration during the current or preceding year.

### 4. Staff numbers and costs

The company has no employees other than the directors. All staff are employed by East Durham & Houghall Community College and a recharge is made for costs relating to those staff employed in the activities of the company.

### 5. Interest receivable

	2005 £	2004 £
Bank interest	<u>502</u>	<u>121</u>

### 6. Taxation

	2005 £	2004 £
Current tax	<u>-</u>	<u>4,970</u>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2004:higher) than the standard rate of corporation tax in the UK 19% (2004:19%). The differences are explained below:



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## Directors' Report and Financial Statements 31 July 2005

<i>Current tax reconciliation</i>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(73,497)	(5,267)
Current tax at 19% (2004:19%)	(13,964)	(1,000)
Effects of:		
Income not taxable for tax purposes	(944)	-
Group relief surrendered before payment	11,473	-
Other short term timing differences	805	-
Unrelieved tax losses and other deductions arising in period	2,551	-
Unexplained difference	(1)	-
Loss carried forward/(Utilisation of tax losses)	-	244
Expenses not deductible for tax purposes	-	964
Capital Allowances in excess of depreciation	-	(208)
Depreciation in excess of capital allowances	80	-
Adjustment in respect of previous periods	-	4,970
	<hr/>	<hr/>
	-	4,970

### 7. Tangible fixed assets

	<b>Vehicles</b>	<b>Equipment, Fixtures and Fittings</b>	<b>Total £</b>
<b>Cost</b>			
At 1 August 2004	24,000	34,787	58,787
Additions	-	-	-
At 31 July 2005	<hr/> 24,000	<hr/> 34,787	<hr/> 58,787
<b>Depreciation</b>			
At 1 August 2004	24,000	19,940	43,940
Charge for year	-	4,609	4,609
At 31 July 2005	<hr/> 24,000	<hr/> 24,549	<hr/> 48,549
<b>Net book value at 31 July 2005</b>	<hr/> -	<hr/> 10,238	<hr/> 10,238
<b>Net book value at 31 July 2004</b>	<hr/> -	<hr/> 14,847	<hr/> 14,847



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## Directors' Report and Financial Statements 31 July 2005

### 8. Debtors

	2005 £	2004 £
Trade Debtors	-	80,555
Amount owed by group undertakings	-	204,968
Other debtors	-	44,611
	<u>-</u>	<u>330,134</u>

### 9. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade Creditors	669	48,306
Amount owed to group undertakings	1,791	247,149
Other creditors	-	15,435
Taxation	-	4,970
	<u>2,460</u>	<u>315,860</u>

### 10. Share capital

	2004 £	2003 £
<b>Authorised</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

### 11. Reserves

	Non Distributable Reserve £	Profit and Loss Account £
At 31 July 2004	27,414	60,123
Loss for year	<u>-</u>	<u>(73,497)</u>
At 31 July 2005	<u>27,414</u>	<u>(13,374)</u>



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## **Directors' Report and Financial Statements 31 July 2005**

### **12. Commitments**

There were no capital commitments at 31 July 2005 or at 31 July 2004.

### **13. Parent company**

The company is a subsidiary undertaking of East Durham & Houghall Community College. The consolidated financial statements of East Durham & Houghall Community College, within which this company is included, can be obtained from the Clerk to the Corporation at:

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Burnhope Way  
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