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**TASIS UK LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30 June 2004**



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## **TASIS UK LIMITED**

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### **COMPANY INFORMATION**

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**DIRECTORS**

F L Gonzalez  
L F Aeschlimann

**SECRETARY**

Mrs M Ealey

**COMPANY NUMBER**

1594513

**REGISTERED OFFICE**

Coldharbour Lane  
Thorpe  
Surrey  
TW20 8TE

**AUDITORS**

Gibson Appleby  
Chartered Accountants & Registered Auditor  
Blenheim House  
120 Church Street  
Brighton  
East Sussex  
BN1 1AU

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## **TASIS UK LIMITED**

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## **TASIS UK LIMITED**

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### **DIRECTORS' REPORT** **For the year ended 30 June 2004**

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The directors present their report and the financial statements for the year ended 30 June 2004.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The group's principal activity is the operation of an independent fee-paying school based in the UK, offering education under the American system. The company's principal activity is that of a holding company.

The directors consider the state of affairs of the company and group to be satisfactory.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £160,596 (2003 - £431,038) .

The directors do not recommend the payment of a dividend.

#### **DIRECTORS**

The directors who served during the year was:

F L Gonzalez

L F Aeschlimann

None of the directors had any beneficial interest in the company during the year.

#### **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 group and of the profit or loss of the group 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**TASIS UK LIMITED**

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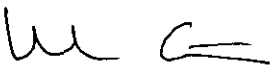
**DIRECTORS' REPORT**  
**For the year ended 30 June 2004**

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**AUDITORS**

The auditors, Gibson Appleby, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 28 April 2005 and signed on its behalf.



**Mrs M Ealey**  
Secretary

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## **TASIS UK LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TASIS UK LIMITED**

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We have audited the financial statements of TASIS UK Limited for the year ended 30 June 2004 set out on pages 5 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 group 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 and other members of the Group 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 circumstances of the company and the group, 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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## TASIS UK LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TASIS UK LIMITED

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#### OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 30 June 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as amended.

*Gibson Appleby*

#### Gibson Appleby

Chartered Accountants  
Registered Auditor  
Blenheim House  
120 Church Street  
Brighton  
East Sussex  
BN1 1AU

Date: *29 April 2005*

# TASIS UK LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 30 June 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>	1,2	<b>11,774,965</b>	<b>12,119,523</b>
Cost of sales		<b>(6,904,574)</b>	<b>(6,843,874)</b>
<b>GROSS PROFIT</b>		<b>4,870,391</b>	<b>5,275,649</b>
Selling and distribution costs		<b>(1,375,017)</b>	<b>(1,505,574)</b>
Administrative expenses		<b>(3,618,736)</b>	<b>(3,432,118)</b>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(123,362)</b>	<b>337,957</b>
<b>EXCEPTIONAL ITEMS</b>			
Net profit on sale of tangible fixed assets	8	<b>119,712</b>	<b>-</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(3,650)</b>	<b>337,957</b>
Interest receivable	6	<b>252,558</b>	<b>292,205</b>
Interest payable	7	<b>-</b>	<b>(214)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>248,908</b>	<b>629,948</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	9	<b>(88,312)</b>	<b>(198,910)</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	<b>£ 160,596</b>	<b>£ 431,038</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

The notes on pages 9 to 18 form part of these financial statements.




# TASIS UK LIMITED

## CONSOLIDATED BALANCE SHEET As at 30 June 2004

	Note	£	2004 £	£	2003 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		466,038		699,764
<b>CURRENT ASSETS</b>					
Debtors	12	8,395,268		6,503,260	
Cash at bank and in hand		370,156		757,928	
			8,765,424		7,261,188
<b>CREDITORS:</b> amounts falling due within one year	13	(6,790,035)		(5,680,121)	
<b>NET CURRENT ASSETS</b>			1,975,389		1,581,067
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£ 2,441,427</u>		<u>£ 2,280,831</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			10,000		10,000
Profit and loss account	15		2,431,427		2,270,831
<b>SHAREHOLDERS' FUNDS - ALL EQUITY</b>	16		<u>£ 2,441,427</u>		<u>£ 2,280,831</u>

The financial statements were approved by the board on 28 April 2005 and signed on its behalf.



**F L Gonzalez**  
Director

The notes on pages 9 to 18 form part of these financial statements.

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# TASIS UK LIMITED

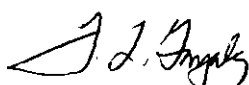
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## COMPANY BALANCE SHEET As at 30 June 2004

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	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Investments	11	10,000	10,000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£ 10,000</u>	<u>£ 10,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	10,000	10,000
<b>SHAREHOLDERS' FUNDS - All Equity</b>	16	<u>£ 10,000</u>	<u>£ 10,000</u>

The financial statements were approved by the board on 28 April 2005 and signed on its behalf.



**F L Gonzalez**  
Director

The notes on pages 9 to 18 form part of these financial statements.

# TASIS UK LIMITED

## CASH FLOW STATEMENT For the year ended 30 June 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	17	(729,222)	156,684
Returns on investments and servicing of finance	18	252,558	291,991
Taxation		(111,663)	(322,190)
Capital expenditure and financial investment	18	199,973	(239,056)
Equity dividends paid		-	(1,000,000)
<b>DECREASE IN CASH IN THE YEAR</b>		<b>£ (388,354)</b>	<b>£(1,112,571)</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS For the year ended 30 June 2004

	2004 £	2003 £
Decrease in cash in the year	(388,354)	(1,112,571)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(388,354)</b>	<b>(1,112,571)</b>
Net funds at 1 July 2003	757,928	1,870,499
<b>NET FUNDS AT 30 JUNE 2004</b>	<b>£ 369,574</b>	<b>£ 757,928</b>

The notes on pages 9 to 18 form part of these financial statements.

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## TASIS UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

##### 1.2 Basis of consolidation

The financial statements consolidate the accounts of TASIS UK Limited and all of its subsidiary undertakings ('subsidiaries'). All intra group transactions have been eliminated on consolidation.

##### 1.3 Investments

Share in subsidiaries are valued at cost less provision for permanent impairment.

##### 1.4 Turnover

Turnover represents the total amount of fees, including extras, receivable in respect of services provided to students during the year.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2%	straight line
Plant and equipment	-	20%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	20%	reducing balance
Office equipment	-	33%	reducing balance

##### 1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

##### 1.7 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

##### 1.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

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## TASIS UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.10 Bad debts

Term fees are generally payable in advance. Amounts outstanding at the end of the financial year, which also represents the end of the school year, where appropriate, have been fully provided against.

#### 2. TURNOVER

The whole of the turnover is attributable to fees for offering education.

All turnover arose within the United Kingdom.

#### 3. OPERATING (LOSS)/PROFIT

The Operating (loss)/profit is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets:		
- owned by the company	153,465	139,373
Auditors' remuneration	21,286	29,359
Difference on foreign exchange	9,352	1,608
	<hr/>	<hr/>

Auditors fees for the Company were £ - (2003:£ -)

# TASIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	4,477,795	4,459,586
Social security costs	477,103	426,468
Other pension costs	9,352	134,649
	<u>£ 4,964,250</u>	<u>£ 5,020,703</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2004 No.	2003 No.
Housekeeping	22	23
Teaching	105	103
Administration	27	25
12	12	12
Promotion	5	8
Security	6	5
	<u>177</u>	<u>176</u>

### 5. DIRECTORS' REMUNERATION

	2004 £	2003 £
Emoluments	<u>£ 117,072</u>	<u>£ 111,619</u>
Company pension contributions to money purchase pension schemes	<u>£ 3,502</u>	<u>£ 3,388</u>

During the year retirement benefits were accruing to 1 director (2003 - 1) in respect of money purchase pension schemes.

### 6. INTEREST RECEIVABLE

	2004 £	2003 £
Interest receivable from group companies	219,000	250,778
Other interest receivable	33,558	41,427
	<u>£ 252,558</u>	<u>£ 292,205</u>

# TASIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

### 7. INTEREST PAYABLE

	2004 £	2003 £
On bank loans and overdrafts	£ -	£ 214

### 8. EXCEPTIONAL ITEMS

	2004 £	2003 £
Disposal of freehold property	£ 119,712	£ -

### 9. TAXATION

	2004 £	2003 £
<b>Analysis of tax charge in year</b>		
UK corporation tax charge on profits of the year	90,961	198,910
Adjustments in respect of prior periods	(2,649)	-
<b>Tax on profit on ordinary activities</b>	<b>£ 88,312</b>	<b>£ 198,910</b>

#### Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	248,908	629,948
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30)	74,672	188,984
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,067	9,234
Capital allowances for period in excess of depreciation	6,650	692
Capital gain on disposal of fixed assets	5,572	-
Adjustments to tax charge in respect of prior periods	(2,649)	-
<b>Current tax charge for year (see note above)</b>	<b>£ 88,312</b>	<b>£ 198,910</b>

# TASIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

### 9. TAXATION (continued)

#### Factors that may affect future tax charges

The company is part of a group and is therefore subject to full rates of corporation tax.

No provision has been made for deferred taxation in respect of timing differences as the amount involved is not considered to be material.

### 10. TANGIBLE FIXED ASSETS

	Land and buildings	Motor vehicles	Fixtures, fittings and equipment	Total
Group	£	£	£	£
<b>Cost</b>				
At 1 July 2003	306,454	16,812	1,276,848	1,600,114
Additions	-	-	201,677	201,677
Disposals	(306,454)	-	(40,000)	(346,454)
At 30 June 2004	-	16,812	1,438,525	1,455,337
<b>Depreciation</b>				
At 1 July 2003	24,516	16,345	859,489	900,350
Charge for the year	-	304	153,161	153,465
On disposals	(24,516)	-	(40,000)	(64,516)
At 30 June 2004	-	16,649	972,650	989,299
<b>Net book value</b>				
At 30 June 2004	£ -	£ 163	£ 465,875	£ 466,038
At 30 June 2003	£ 281,938	£ 467	£ 417,359	£ 699,764

### 11. FIXED ASSET INVESTMENTS

Company	Share in group under- takings	Total
Cost or valuation	£	£
At 1 July 2003 and 30 June 2004	£ 10,000	£ 10,000

This represents the cost of the whole of the issued share capital of TASIS The American School in England a company registered in England and Wales. The principal activity of the company is the operation of an independent fee-paying school based in the UK, offering education under the American system.



# TASIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

### 12. DEBTORS

	2004 £	2003 £
<b>Due within one year</b>		
Trade debtors	231,240	270,788
Amounts owed by group undertakings	-	1,034,524
Amounts owed by related undertakings	7,508,641	4,981,890
Other debtors	419,127	17,665
Prepayments and accrued income	236,260	198,393
	<u>£ 8,395,268</u>	<u>£ 6,503,260</u>

a) Other debtors includes staff loans of £22,538 (2003 : £12,252).

b) Generally, amounts owed by related undertakings fluctuate on a day to day basis to take into account general trading transactions. Interest is charged at commercial rates on net amounts advanced, although there are no fixed terms relating to security or repayment.

c) Amounts owed by group undertakings fluctuate on a day to day basis to take into account general trading transactions. They are interest free and unsecured.

### 13. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2004 £	2003 £	2004 £	2003 £
Bank loans and overdrafts	582	-	-	-
Trade creditors	259,447	186,788	-	-
Amounts owed to group undertakings	1,123,540	-	-	-
Amounts owed to related undertakings	1,822,987	2,005,626	-	-
Corporation tax	24,535	47,886	-	-
Social security and other taxes	188,393	9,214	-	-
Other creditors	9,606	100,928	-	-
Accruals and deferred income	3,360,945	3,329,679	-	-
	<u>£ 6,790,035</u>	<u>£ 5,680,121</u>	<u>£ -</u>	<u>£ -</u>

Amounts held on behalf of students amounting to £74,490 (2003 : £51,159) have been netted against separate bank accounts set up for this purpose. These amounts, have therefore, been excluded from the financial statements.

### 14. SHARE CAPITAL

	2004 £	2003 £
<b>Authorised, allotted, called up and fully paid</b>		
10,000 ordinary shares of £1 each	<u>£ 10,000</u>	<u>£ 10,000</u>

# TASIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

### 15. RESERVES

	Profit and loss account £
<b>Group</b>	
At 1 July 2003	2,270,831
Profit retained for the year	160,596
At 30 June 2004	<u>£ 2,431,427</u>

### 16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
<b>Group</b>		
Profit for the year	160,596	431,038
	<u>160,596</u>	<u>431,038</u>
Opening shareholders' funds	2,280,831	1,849,793
Closing shareholders' funds	<u>£ 2,441,427</u>	<u>£ 2,280,831</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account. The profit dealt with in the accounts of the company was £nil (2003 : £nil).

### 17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating (loss)/profit	(123,362)	337,957
Depreciation of tangible fixed assets	153,465	139,373
Increase in debtors	(399,781)	(59,932)
Decrease/(increase) in amounts owed by group undertakings	1,034,524	(1,034,524)
(Increase)/decrease in amounts owed by related undertakings	(2,709,390)	1,109,573
Increase/(decrease) in creditors	191,782	(307,092)
Increase/(decrease) in amounts owed to group undertakings	1,123,540	(28,671)
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS</b>	<u>£ (729,222)</u>	<u>£ 156,684</u>

# TASIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

### 18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	252,558	292,205
Interest paid	-	(214)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>£ 252,558</b>	<b>£ 291,991</b>
	2004 £	2003 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(201,677)	(239,056)
Sale of tangible fixed assets	401,650	-
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>	<b>£ 199,973</b>	<b>£ (239,056)</b>

### 19. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2003 £	Cash flow £	Other non-cash changes £	30 June 2004 £
Cash at bank and in hand:	989,308	(619,152)	-	370,156
Bank overdraft	(231,380)	230,798	-	(582)
<b>NET FUNDS</b>	<b>£ 757,928</b>	<b>£ (388,354)</b>	<b>£ -</b>	<b>£ 369,574</b>

### 20. PENSION COMMITMENTS

The company operates a defined contributions 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 as more fully detailed in note 4 to the financial statements.

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## TASIS UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

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#### 21. OPERATING LEASE COMMITMENTS

At 30 June 2004 the group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within 1 year	<b>4,634</b>	<b>11,819</b>
Between 2 and 5 years	<b>61,742</b>	<b>19,772</b>

In May 2001, the subsidiary company renewed its leases in respect of the school premises and a residence for faculty members for a further 7 years at an annual rent of £400,000.

In May 2003, the subsidiary company signed a new licence to hire machinery and equipment in the fitness centre and new gym. The lease is renewable on a monthly basis at an hourly rate of £33 per hour.

#### 22. RELATED PARTY TRANSACTIONS

In addition to the balances disclosed in notes 13 and 14 to the financial statements, the company has also entered into the following related party transactions during the year.

- a) During the year TASIS paid rent of £500,253 (2003 : £474,661) to Mikron, a related company for the school premises.
- b) During the year, TASIS incurred buildings improvements costs of £708,971 (2003 : £1,041,243) on behalf of Mikron, which has been recharged via a related party, TASIS Properties Ltd.
- b) During the year, TASIS received £219,000 (2003: £250,778) being interest due on the related company loan as referred to in note 13 to the financial statements.
- c) A service charge of £1,230,872 (2003 : £1,254,068) was paid to ACE, a related company, during the year for administration expenses undertaken by the company, including the administration of the boarding income.

#### 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company is Carona Trust, a trust registered in Liechtenstein. The ultimate control of this trust is not known.