

**Company Registration No. 3108030**

**Study Group International  
Limited**

**Annual Report and Financial Statements**

**31 December 2008**

**SATURDAY**



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# **Study Group International Limited**

## **Annual report and financial statements 2008**

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# **Study Group International Limited**

## **Annual report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

J H Pitman  
M H Cornes  
T J Coope

#### **Secretary**

T J Coope

#### **Registered office**

1 Billinton Way  
Brighton  
East Sussex  
BN1 4LF

#### **Bankers**

National Westminster Bank Plc  
Hove Town Hall Branch  
Hove  
East Sussex  
BN3 2BS

#### **Solicitors**

DMH Stallard  
Gainsborough House  
Peglar Way  
Crawley  
West Sussex  
RH11 7FZ

#### **Independent auditors**

Deloitte LLP  
Chartered Accountants  
Crawley

# **Study Group International Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### **Principal activity**

The principal activity of the company continues to be to act as a holding company and to provide marketing services to subsidiaries and other group companies.

### **Business review**

The result for the year and financial position of the company are as shown in the annexed financial statements.

The loss on ordinary activities of the group before taxation amounted to £8,852,454 (period from 1 October 2006 to 31 December 2007 – profit £21,571,416).

The company's main activities are to act as a holding company and to provide marketing services to subsidiaries and other group companies both in the UK and overseas, for which services it receives fees. In the directors view the key financial indicator for the business is its overall net asset value. Although this has decreased in the year it remains at £23.6 million and the Directors are satisfied with the balance sheet position of the company.

### **Key business risks**

The key risks to the business are risks to the underlying performance of its trading subsidiaries. These are primarily global risks that pose a danger to the world's economy and especially to the willingness and ability of international students to travel to our centres to study. In recent years, these have included risks such as global terrorism activities, the potential spread of virulent diseases such as Avian Bird or Swine Flu and the constantly changing immigration and visa policies of the countries where our schools are situated.

The main current risk is the economic slowdown across much of the world, and the potential impact on the ability of students to afford the educational services the company provides. The early part of 2009 has so far shown minimal impact on recruitment of students, and the directors believe that the risk is offset partly by the wide geographic spread of student recruitment, and secondly by the current low value of sterling against the currencies of many key markets. The Directors will continue to monitor all of the company's key markets through the network of sales and representative offices that it manages across the world.

### **Financial risk management objectives and policies**

The main financial risks arising from the company's activities are cash flow risk, credit risk and liquidity risk. The company does not have exposure to price risk on commodities.

#### ***Cash flow risk***

The company's activities expose it to a degree of financial risk of changes in foreign currency exchange rates for customers in certain markets. However, this is not material and the company does not manage its exposure to this risk with the use of foreign exchange contracts, due to cost benefit considerations.

#### ***Credit risk***

The company's principal financial assets are intercompany receivables and cash. The intercompany receivable is with the company's parent company, Study Group Holdings Ltd, and based on the net asset value of that company in the Directors view no provision is required against this receivable. The cash balances are currently held entirely with National Westminster Bank plc, although the Directors are continuously monitoring the position of the bank.

# **Study Group International Limited**

## **Directors' report (continued)**

### **Financial risk management objectives and policies (continued)**

#### ***Liquidity Risk***

The group as a whole has loans totalling A\$44million as at the year end and although these loans are held on the balance sheet of the company's parent companies, they are serviced from the cash flows generated by the company's trading subsidiaries; during 2008 an amount of A\$41million was repaid from trading cash surpluses.

In order to ensure that sufficient funds are available for ongoing operations the parent company has established a working capital facility of A\$36 million for the group, which is available should the need arise, although it has not been necessary to draw on this facility to date.

The long term loans were subject to a partial refinancing exercise in 2008 which has ensured these loans and associated facilities will remain in place until 2012. The loans are subject to covenants, all of which were satisfied as at 31 December 2008, and the group has projected these covenants through to the next balance sheet date and the Directors fully expect the group to continue to comply for the foreseeable future. In addition, the group has prepared cashflow forecasts as part of its medium term plans for the next three years and having examined these forecasts in the light of current circumstances the Directors are confident that the group and company will have adequate funds available to continue operations and maintain sufficient working capital.

In order to reduce the risk of interest rate changes the group has in place interest rate swaps that cover 75% of the value of the loans and which continue until 2012.

The company has net current liabilities of £28 million because the debtor due from its parent company is not due for repayment until after more than one year. In recognition of this, the ultimate parent company SGI Group Holdings Pty Limited has provided a letter of support for the company stating that it intends to provide financial support for the company for at least 12 months from the date of signing of these financial statements.

#### **Dividends**

The directors have not proposed a final dividend for the year (period from 1 October 2006 to 31 December 2007 - £nil).

#### **Directors**

The directors during the year under review were:

J H Pitman  
M H Cornes  
T J Coope

#### **Employee involvement**

Under the company's general policy of decentralised management, it is the responsibility of the management in each department to encourage the involvement and participation of employees in their department. Increasingly a significant portion of remuneration is linked to performance targets.

The company gives full and fair consideration to suitable applications from disabled persons for employment. If existing employees become disabled they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training.

#### **Charitable contributions**

The company has developed a charity initiative called Building Futures, which, through the Plan International Charity Organisation, is funding the building of schools in deprived areas of the world. Currently two schools have been completed, one in the Aceh region of Indonesia and one in Zounzounkanme in Benin, while a third school is being built in Brazil. The company contributed a total of £16,997 during the year, to equal staff contributions (period from 1 October 2006 to 31 December 2007 - £14,742).

# Study Group International Limited

## Directors' report (continued)

### Independent auditors and statement of provision of information to the independent auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

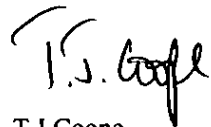
Deloitte LLP have expressed their willingness to continue office as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234A of the Companies Act 1985.

Approved by the Board of Directors  
and signed on behalf of the Board



T J Coope  
Secretary

29 May 2009

# **Study Group International Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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.

## **Independent auditors' report to the members of Study Group International Limited**

We have audited the financial statements of Study Group International Limited for the year ended to 31 December 2008 which comprise the profit and loss account, the balance sheet and the notes to the accounts 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the directors' report is consistent with the financial statements.

*Deloitte LLP*  
Deloitte LLP

Chartered Accountants and Registered Auditors  
Crawley, United Kingdom

*29 May* 2009



# Study Group International Limited

## Profit and loss account Year ended 31 December 2008

	Note	2008 £	Period from 1 October 2006 to 31 December 2007 £
<b>Turnover</b>	2	4,561,000	5,638,000
Cost of sales		-	-
<b>Gross profit</b>		4,561,000	5,638,000
Administrative expenses		(13,948,355)	(18,466,279)
<b>Operating loss</b>	4	(9,387,355)	(12,828,279)
Income from shares in group undertakings		-	4,003,050
Income from participating interests		88,509	67,736
Profit on sale of investments		-	6,952,112
Waiver of inter company debt		-	22,843,610
Net finance income	6	446,392	533,187
<b>(Loss)/profit on ordinary activities before taxation</b>		(8,852,454)	21,571,416
Tax (charge)/credit on profit on ordinary activities	7	(5,503)	1,303,397
<b>(Loss)/profit for the financial year/period</b>	16	(8,857,957)	22,874,813

All activities derive from continuing operations.

There are no further recognised gains and losses for the current financial year and preceding financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

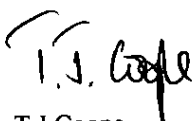
# Study Group International Limited

## Balance sheet At 31 December 2008

	Note	£	2008 £	£	2007 £
<b>Fixed assets</b>					
Tangible assets	8		612,794		644,452
Investments	9		1,481,655		1,481,655
			<u>2,094,449</u>		<u>2,126,107</u>
<b>Current assets</b>					
Stocks	10		-		8,031
Debtors: Amounts recoverable within one year	11	633,836		2,143,853	
Debtors: Amounts recoverable from group undertaking after more than one year		<u>51,281,746</u>		<u>42,758,329</u>	
Total debtors			51,915,582		44,902,182
Cash at bank and in hand			<u>9,927,507</u>		<u>7,463,173</u>
			61,843,089		52,373,386
<b>Creditors: amounts falling due within one year</b>	12		<u>(38,372,892)</u>		<u>(20,572,577)</u>
<b>Net current assets</b>			<u>23,470,197</u>		<u>31,800,809</u>
<b>Total assets less current liabilities</b>			25,564,646		33,926,916
<b>Accruals and deferred income</b>			<u>(2,153,340)</u>		<u>(1,657,653)</u>
			<u>23,411,306</u>		<u>32,269,263</u>
<b>Capital and reserves</b>					
Called up share capital	14		1,537,964		1,537,964
Share premium	15		7,927,452		7,927,452
Profit and loss account	15		13,945,890		22,803,847
Total shareholders' funds	16		<u>23,411,306</u>		<u>32,269,263</u>

These financial statements were approved by the Board of Directors on 29 May 2009

Signed on behalf of the Board of Directors



T J Coope  
Director

  
M H Cornes  
Director

# Study Group International Limited

## Notes to the accounts

### For the year ended 31 December 2008

#### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These have been applied consistently throughout the current financial year and preceding financial period.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Basis of preparation

The Company's business activities and future developments are set out in the Directors Report. This statement includes reference to the financial position of the Group, its liquidity position and borrowing facilities.

In addition the Directors' Report also includes reference to the Company key business risks and its position on risk management including exposures to credit and liquidity risk.

As a consequence of the statements referred to above, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The company has net current liabilities of £28 million because the debtor due from its parent company is not due for repayment until after more than one year. In recognition of this, the ultimate parent company SGI Group Holdings Pty Limited has provided a letter of support for the company stating that it intends to provide financial support for the company for at least 12 months from the date of signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold land and buildings	Term of lease
Fixtures and fittings	15% - 50% per annum
Motor vehicles	20% - 25% per annum
Computer equipment	20% - 25% per annum

##### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

# Study Group International Limited

## Notes to the accounts

### For the year ended 31 December 2008

#### 1. Accounting policies (continued)

##### Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

##### Operating leases

Operating lease rentals are charged on a straight line basis to the profit and loss account over the term of the lease.

##### Turnover

Turnover represents the value of management and marketing services invoiced to subsidiaries and fellow group companies, net of value added tax.

##### Group accounts

Group accounts are not required on the basis that the company is a subsidiary and its results are consolidated in the accounts of the SGI Group Holdings Pty Limited, a company registered in Australia. These financial statements relate to the company only.

#### 2. Segmental information

The directors are of the opinion that the company only operates one class of business. Turnover is derived as follows:

	Period from 1 October 2006 to 31 December	
	2008	2007
	£	£
<b>Turnover by destination and origin:</b>		
USA	945,000	2,183,000
Australasia	3,616,000	3,455,000
Total	<u>4,561,000</u>	<u>5,638,000</u>

#### 3. Staff costs

	Period from 1 October 2006 to 31 December	
	2008	2007
	£	£
<b>Staff costs during the year:</b>		
Wages and salaries	6,534,455	8,448,003
Social security costs	528,271	661,220
Other pension costs	154,070	350,056
	<u>7,216,796</u>	<u>9,459,279</u>
	No.	No.
<b>Average number of persons employed:</b>		
Sales and administration	<u>170</u>	<u>210</u>

# Study Group International Limited

## Notes to the accounts For the year ended 31 December 2008

### 4. Operating loss

	Period from 1 October 2006 to 31 December	
	2008	2007
	£	£
<b>Operating (loss) is stated after charging/(crediting):</b>		
Depreciation – owned assets	511,049	624,920
Loss on sale of tangible fixed assets	622	1,537
Fees payable to company's auditors for the audit of the annual accounts	126,090	127,486
Fees payable to company's auditors and its associates for other services:		
- other services	14,488	17,625
- tax services	13,924	37,894
Operating lease rentals – land and buildings	183,107	172,162
Foreign exchange gain	(45,473)	(123,293)
Waiver of intercompany loan due to Study Group Australia Pty Ltd	-	(23,104,789)

Audit fees payable include fees borne on behalf of the company's parent company and subsidiary companies totalling £78,600 (2007: £106,238).

### 5. Directors' remuneration

	2008	2007
	£	£
Directors' emoluments	493,006	432,658
Directors' pension contributions	31,380	33,269

The number of directors for whom pension contributions were made was as follows:

	No.	No.
Money purchase schemes	3	4

	£	£
Highest paid director:		
Emoluments	298,506	181,989
Pension contribution	18,600	24,275
	317,106	206,264

# Study Group International Limited

## Notes to the accounts

### For the year ended 31 December 2008

#### 6. Net finance income

	Period from 1 October 2006 to 31 December	
	2008	2007
	£	£
Investment income (see below)	448,935	533,607
Interest payable and similar charges (see below)	(2,543)	(420)
	<u>446,392</u>	<u>533,187</u>
<b>Investment income</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Deposit account interest	448,935	447,296
Interest on loans to group companies	-	86,311
	<u>448,935</u>	<u>533,607</u>
<b>Interest payable and similar charges</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loan and overdraft interest	-	(420)
Other interest	(2,543)	-
	<u>(2,543)</u>	<u>(420)</u>

# Study Group International Limited

## Notes to the accounts

### For the year ended 31 December 2008

#### 7. Tax charge/(credit) on (loss)/profit on ordinary activities

##### (a) Analysis of tax charge/(credit) on (loss)/profit on ordinary activities

	Period from 1 October 2006 to 31 December 2007	
	2008 £	2007 £
<b>Current tax</b>		
United Kingdom corporation tax at 28.5% (2007 – 30%) based on the profit for the year/period	282,443	(1,463,068)
Adjustments in respect of prior years	(219,202)	255,873
Total current tax	63,241	(1,207,195)
<b>Deferred tax</b>		
Timing differences, origination and reversal (note 14)	(57,738)	(96,202)
	5,503	(1,303,397)

##### (b) Factors affecting current tax charge/(credit) for the year/period

The tax assessed for the year/period is lower than that resulting from applying the standard 28.5% rate of corporation tax in the UK (2007 - 30%). The differences are explained below:

	2008 %	2007 %
Standard tax rate for year as a percentage of profits	28.5	30
Effects of:		
UK Dividends received	-	(6)
Transfer pricing adjustments	(30.5)	10
Non-taxable profit on sale of investment	-	(9)
Non-taxable waiver of intercompany loan	-	(32)
Adjustment in respect of prior years	2	1
Current tax rate for year as a percentage of (losses)/profits	-	(6)

# Study Group International Limited

## Notes to the accounts For the year ended 31 December 2008

### 8. Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2008	211,505	45,897	10,509	2,219,894	2,487,805
Additions	-	39,874	-	440,375	480,249
Disposals	-	(1,718)	-	(18,596)	(20,314)
At 31 December 2008	<u>211,505</u>	<u>84,053</u>	<u>10,509</u>	<u>2,641,673</u>	<u>2,947,740</u>
<b>Accumulated depreciation</b>					
At 1 January 2008	211,505	26,496	10,509	1,594,843	1,843,353
Charge for the year	-	8,182	-	502,867	511,049
Disposals	-	(862)	-	(18,594)	(19,456)
At 31 December 2008	<u>211,505</u>	<u>33,816</u>	<u>10,509</u>	<u>2,079,116</u>	<u>2,334,946</u>
<b>Net book value</b>					
At 31 December 2008	<u>-</u>	<u>50,237</u>	<u>-</u>	<u>562,557</u>	<u>612,794</u>
At 31 December 2007	<u>-</u>	<u>19,401</u>	<u>-</u>	<u>625,051</u>	<u>644,452</u>



# Study Group International Limited

## Notes to the accounts For the year ended 31 December 2008

### 9. Investments

	Shares in subsidiaries £	Shares in associate £	Total £
<b>Cost and net book value</b>			
At 1 January 2008 and 31 December 2008	<u>1,401,038</u>	<u>80,617</u>	<u>1,481,655</u>

The company has a 100% interest in the ordinary share capital of the following principal subsidiary undertakings:-

Name of subsidiary	Principal activity	Country of operation
Bellerbys Educational Services Limited	Academic training	United Kingdom
Embassy Educational Services (UK) Limited	Language training	United Kingdom
Study Group Properties Limited	Property company	United Kingdom
Study Group Limited	Academic training	United Kingdom

The company has a 20% interest in the ordinary share capital of the following associate undertaking:-

Name of associate	Principal activity	Country of operation
Worldwide Education & Training Limited	Academic training	Vietnam

### 10. Stocks

	2008 £	2007 £
Finished goods	<u>-</u>	<u>8,031</u>

### 11. Debtors: amounts recoverable within one year

	2008 £	2007 £
Trade debtors	-	9,065
Corporation tax recoverable	-	1,463,067
Deferred tax (see note 13)	141,924	84,186
Other debtors	135,900	145,591
Prepayments and accrued income	356,012	441,944
	<u>633,836</u>	<u>2,143,853</u>

# Study Group International Limited

## Notes to the accounts

### For the year ended 31 December 2008

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

	2008 £	2007 £
Trade creditors	-	180,941
Amounts owed to group undertakings	37,990,057	20,009,535
Corporation tax	230,022	-
Taxation and social security	129,750	279,037
Other creditors	23,063	103,064
	<u>38,372,892</u>	<u>20,572,577</u>

#### 13. Deferred tax asset

	2008 £	2007 £
<b>Deferred taxation:</b>		
At 1 January 2008	84,186	(12,016)
Credited to profit and loss account	57,738	96,202
	<u>141,924</u>	<u>84,186</u>
At 31 December 2008		

	2008 £	2007 £
<b>Represented by:</b>		
Depreciation in excess of capital allowances	136,682	77,673
Short term timing differences	5,242	6,513
	<u>141,924</u>	<u>84,186</u>

#### 14. Called up share capital

	2008 £	2007 £
<b>Authorised, allotted, issued and fully paid:</b>		
144,022,000 (2007 – 144,022,000) deferred ordinary £0.01	1,440,220	1,440,220
1,400,000 (2007 – 1,400,000) deferred preference US\$0.01	9,026	9,026
14,259,825 (1007 – 14,259,825) ordinary US\$0.01	88,718	88,718
	<u>1,537,964</u>	<u>1,537,964</u>

The deferred preference shares have a preference over the deferred ordinary and ordinary shares in the event of the winding up of the company up to the nominal value of the shares and do not carry any voting rights. In all other respects the shares rank pari passu.

# Study Group International Limited

## Notes to the accounts For the year ended 31 December 2008

### 15. Reserves

	Share Premium account £	Profit and loss account £
At 1 January 2008	7,927,452	22,803,847
Loss for the financial year	-	(8,857,957)
At 31 December 2008	<u>7,927,452</u>	<u>13,943,890</u>

### 16. Reconciliation of movements in shareholder's funds

	2008 £	2007 £
(Loss)/profit for the financial year/period	<u>(8,857,957)</u>	<u>22,874,813</u>
Net (deduction from)/addition to shareholder's funds	<u>(8,857,957)</u>	<u>22,874,813</u>
Opening shareholder's funds	<u>32,269,263</u>	<u>9,394,450</u>
Closing shareholder's funds	<u>23,411,306</u>	<u>32,269,263</u>

### 17. Operating lease commitments

At 31 December 2008 the company have the following commitments due within twelve months under non-cancellable operating leases:

	Land and Buildings	
	2008 £	2007 £
<b>Leases which expire:</b>		
Within one year	<u>183,107</u>	<u>184,173</u>

# **Study Group International Limited**

## **Notes to the accounts**

### **For the year ended 31 December 2008**

#### **18. Ultimate controlling party**

The directors regard the immediate parent company as Study Group Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company is SGI Group Holdings Pty Limited, a company registered in Australia. The majority of shares in SGI Group Holdings Pty Limited are owned by investment funds managed by entities affiliated to Castle Harlan Inc. a company registered in New York, USA.

#### **19. Related party transactions**

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" available to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, not to disclose transactions with entities that are part of the group where consolidated financial statements are publicly available.

#### **20. Contingent liabilities**

The company has given, in conjunction with Embassy Educational Services (UK) Limited, Bellerbys Educational Services Limited, Study Group Holdings Limited and Study Group Properties Limited, an unlimited composite guarantee in respect of bank loans and overdrafts of certain group companies to The Royal Bank of Scotland plc. At 31 December 2008 the relevant bank loans and overdrafts of the relevant companies amounted to £267,587 (2007 - £691,880).

The company's assets have been pledged as security for borrowings undertaken by fellow group companies SGI Finance Pty Limited and Study Group Holdings Limited. As at 31 December 2008 the borrowings of these companies amounted to £20,915,426 (2007 - £37,067,000).