

Company No: 3476432
(England and Wales)

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Directors' Report and Consolidated
Financial Statements

For the year ended

31 December 2004



KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Directors' Report and Consolidated Financial Statements for the year ended 31 December 2004

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Detailed trading and profit and loss account	

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Company information at 31 December 2004

DIRECTOR

O C Wiley	
D J W Ridler	Appointed 1 June 2005
P D Gilbert	Appointed 1 June 2005
J Barber	Appointed 1 June 2005

SECRETARY

D J W Ridler

REGISTERED OFFICE

Kingswood House
Alkmaar Way
Norwich
NR6 6BF

AUDITORS

Elman Wall Limited
Chartered Accountants
5 – 7 John Prince's Street
London
W1G 0JN

BUSINESS ADDRESS

Kingswood House
Alkmaar Way
Norwich
NR6 6BF

BANKERS

NatWest
St James & Piccadilly Branch
208 Piccadilly
London W1A 2DG

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Report of the directors for the year ended 31 December 2004

The director presents the annual report and the audited financial statements for the year ended 31 December 2004.

Principal Activity

The principal activity of the company and the group is the provision of children's educational activity holidays.

Review of the Business

The results for the year are detailed in the consolidated profit and loss account on page 5. The board are satisfied with the results for the year and anticipate that turnover and profitability will improve in the future.

Future Developments

The director is of the opinion that the company and the group are well placed to take advantage of any opportunities which may arise in the future.

Directors and their interest

The directors who held office during the year together with their beneficial interests in the issued share capital of the company were as follows:

		<u>Ordinary £1 shares</u>	
		<u>2004</u>	<u>2003</u>
S Wiley	(Resigned 4 April 2005)	1	1
C Wiley	(Resigned 4 April 2005)	1	1
O Wiley		-	-
D J W Ridler	(Appointed 1 June 2005)	-	-
P D Gilbert	(Appointed 1 June 2005)	-	-
J Barber	(Appointed 1 June 2005)	-	-

Employees and disabled persons

The company is committed to providing equality of opportunity to all employees without discrimination and continues to be supportive of the employment and advancement of disabled persons.

Emphasis is placed on communication with employees, particularly on matters relating to the group's business and its performance.

Charitable and political contributions

During the year the group made charitable donations of £8,245 (2003 - £1,287).

Post balance sheet events

Refer to note 29 to the financial statements for all post balance sheet events which have arisen.

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 the 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 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Directors' report (cont'd)

Auditors

Elman Wall Limited acquired the audit practice of Elman Wall and in accordance with Section 26 of the Companies Act 1989 has been appointed as auditors in succession. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

By order of the board:



D J W Bidler
Company Secretary

Date: 13 August 2001

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Independent Auditors Report to the shareholders of Kingswood Learning & Leisure Group Limited

We have audited the financial statements of Kingswood Learning & Leisure Group Limited for the year ended 31 December 2004 on pages 5 to 21 which have been prepared under the accounting policies set out on pages 11 and 12.

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 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 director 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 and the group's affairs as at 31 December 2004 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Elman Wall Limited

Elman Wall Limited
Chartered Accountants and Registered Auditors
5 - 7 John Prince's Street
London
W1G 0JN

Date: 13/8/05

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Consolidated Profit and Loss account for the year ended 31 December 2004

		<u>2004</u>	<u>2003</u>
	Note	£	£
TURNOVER	2	13,447,118	12,863,134
Cost of Sales		(5,834,151)	(5,378,181)
GROSS PROFIT		7,612,967	7,484,953
Selling and distribution costs		(1,000,412)	(744,613)
Administrative expenses		(6,611,750)	(6,252,103)
Other operating income		635,433	672,723
OPERATING PROFIT	3	636,238	1,160,960
Interest receivable and similar income	6	22,885	30,974
Interest payable and similar charges	7	(280,709)	(163,113)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		378,414	1,028,821
Tax on profit from ordinary activities	8	(236,890)	(237,244)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		141,524	791,577
Dividends paid	10	(1,670,000)	-
RETAINED (LOSS)/PROFIT FOR THE YEAR		(1,528,476)	791,577
		=====	=====

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 10 to 21 form part of these financial statements.

KINGSWOOD LEARNING & LEISURE GROUP LIMITEDStatement of total recognised gains and losses for the year ended 31 December 2004

	<u>2004</u> £	<u>2003</u> £
Profit for the financial year	141,524	791,577
Unrealised deficit on revaluation of properties	360,690	(1,802,446)
Total recognised gains and losses relating to the year	<u>502,214</u>	<u>(1,010,869)</u>

Note of historical cost profits and losses

	2004 £	2003 £
Reported profit on ordinary activities before taxation	378,414	1,028,821
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount.	(360,690)	1,802,446
Historical cost profit for the year retained after taxation, extraordinary items and dividends.	<u>17,724</u>	<u>2,831,267</u>
Historical cost (Loss)/Profit for the year retained after taxation, extra-ordinary items and dividends	<u>(1,528,476)</u>	<u>2,594,023</u>

The notes on pages 10 to 21 form part of these financial statements.

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Consolidated Balance sheet as at 31 December 2004

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		778,968		849,307
Negative goodwill	12		(789,132)		(849,835)
			(10,164)		(528)
Tangible assets	13		10,427,665		9,889,283
			10,417,501		9,888,755
Current assets					
Stock	15	87,224		108,755	
Debtors	16	840,654		2,439,259	
Cash at bank and in hand		139,873		130,096	
		1,067,751		2,678,110	
Creditors: amounts falling due within one year	17	(3,421,197)		(2,838,358)	
Net current liabilities			(2,353,446)		(160,248)
Total assets less current liabilities			8,064,055		9,728,507
Creditors: amounts falling due after more than one year	18		(3,172,132)		(3,360,482)
Provisions for liabilities and charges	19		(151,140)		(151,140)
Deferred income	20		(2,816,463)		(2,403,399)
			1,924,320		3,813,486
Capital and reserves					
Called up share capital	21		2		2
Revaluation Reserve			1,441,756		1,802,446
Profit and loss account			482,562		2,011,038
Shareholders' funds	22		1,924,320		3,813,486

The financial statements were approved by the board of directors on the date shown below and were signed on its behalf by:

 C C Wiley
Director

Date: 17 August 2005

The notes on pages 10 to 21 form part of these financial statements.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Company Balance Sheet as at 31 December 2004

	Note	<u>2004</u>		<u>2003</u>	
		£	£	£	£
Fixed assets					
Intangible assets	11		73,537		91,821
Tangible assets	13		10,400,757		9,853,406
Investments	14		25,009		25,009
			<u>10,499,303</u>		<u>9,970,236</u>
Current assets					
Stocks	15	81,464		95,370	
Debtors	16	1,856,061		3,570,002	
Cash at bank and in hand		100,156		12,362	
		<u>2,037,681</u>		<u>3,677,734</u>	
Creditors: amounts falling due within one year	17	<u>(4,567,903)</u>		<u>(3,991,319)</u>	
Net current liabilities			<u>(2,530,222)</u>		<u>(313,585)</u>
Total assets less current liabilities			<u>7,969,081</u>		<u>9,656,651</u>
Creditors: amounts falling due after more than one year	18		<u>(3,172,132)</u>		<u>(3,360,482)</u>
Provisions for liabilities and charges	19		<u>(149,632)</u>		<u>(149,632)</u>
Deferred Income	20		<u>(2,816,463)</u>		<u>(2,403,399)</u>
			<u>1,830,854</u>		<u>3,743,138</u>
Capital and reserves					
Called up share capital	21		2		2
Revaluation Reserve			1,441,756		1,802,446
Profit and loss account			389,096		1,940,690
Shareholders' funds	22		<u>1,830,854</u>		<u>3,743,138</u>

The financial statements were approved by the board of directors on the date shown below and were signed on its behalf by:


O E Wiley
Director

Date: 17 August 2005

The notes on pages 10 to 21 form part of these financial statements.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Consolidated cash flow statement for the year ended 31 December 2004

	Note	<u>2004</u>		<u>2003</u>	
		£	£	£	£
Net cash inflow from operating activities	1		1,410,157		13,533
Returns on investments and servicing of finance					
Interest paid		(256,526)		(138,475)	
Interest element of finance lease rental payments		(24,183)		(24,638)	
Interest received		22,885		30,974	
			(257,824)		(132,139)
Taxation			(271,395)		71,232
Capital Expenditure					
Payments to acquire tangible fixed assets		(1,276,176)		(2,365,666)	
Receipts from sale of tangible fixed assets		680,600		-	
			(595,576)		(2,365,666)
Cash outflow before management of liquid resources and financing			285,362		(2,413,040)
Financing					
New long term bank loan		-		3,825,000	
Repayment of secured loan		(184,915)		(1,750,039)	
Capital element of finance lease rental payments		(159,369)		(149,407)	
			(344,284)		1,925,554
Decrease in cash in the period			(58,922)		(487,486)
			=====		=====
Reconciliation of net cash flow to movement in net debt	2				
Decrease in cash in the period		(58,922)		(487,486)	
New finance leases		148,007		136,520	
Cash flow from decrease/(increase) in debt and lease financing		25,546		(2,224,368)	
Change in net debt resulting from cash flows			114,631		(2,575,334)
Net debt at 1 January 2004			(3,982,048)		(1,406,714)
Net debt at 31 December 2004			(3,867,417)		(3,982,048)
			=====		=====

The notes on pages 10 to 21 form part of these financial statements.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Notes to the Consolidated Cash Flow Statement for the year ended 31 December 2004

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2004</u> £	<u>2003</u> £
Operating Profit	636,238	1,160,960
Depreciation	524,539	562,102
Amortisation	9,636	9,636
Decrease in stock	21,531	11,701
Increase in debtors	(751,845)	(1,107,105)
Increase /(decrease) in creditors	969,636	(198,667)
Loss /(profit) on sale of fixed assets	422	(425,094)
	<u>-----</u>	<u>-----</u>
Net cash inflow/(outflow) from operating activities	1,410,157	13,533
	<u>=====</u>	<u>=====</u>

2. ANALYSIS OF CHANGES IN DEBT

	<u>At</u> <u>1 January</u> <u>2004</u>	<u>Cash flow</u>	<u>Other</u> <u>changes</u>	<u>At 31</u> <u>December</u> <u>2004</u>
Cash at bank and in hand	130,096	9,777	-	139,873
Overdrafts	(234,404)	(68,699)	-	(303,103)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	(104,308)	(58,922)	-	(163,230)
Debt due within 1 year	(427,907)	(1,144)	-	(429,051)
Debt due after 1 year	(3,281,014)	186,059	-	(3,094,955)
Finance leases	(168,819)	(159,369)	148,007	(180,181)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	(3,982,048)	(33,376)	148,007	(3,867,417)
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The cash flow has been restated to correctly disclose the year in which the monies relating to the sale of tangible fixed assets were actually received.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

1. ACCOUNTING POLICIES

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

Turnover represents the amounts, excluding Value Added Tax, derived from the provision of goods and services to customers during the year. Income is recognised on the date of departure.

Tangible Fixed Assets and Depreciation

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

Freehold buildings	-	2% straight line on cost or revalued amount
Short leasehold property and improvements	-	straight line over length of lease
Plant, machinery, etc.	-	25% reducing balance

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Foreign currencies

Transactions in foreign currencies are converted into sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into sterling using the rate of exchange ruling at the balance sheet date. Gains or losses on foreign currency transactions are included in the profit and loss account.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Notes forming part of the Consolidated Financial Statements for the year ended 31 December 2004 (continued)

1. ACCOUNTING POLICIES (continued)**Goodwill**

Purchased goodwill is capitalised as an intangible fixed asset in the balance sheet and amortised over the directors' estimate of the useful economic life.

Negative goodwill is treated in accordance with Financial Reporting Standard No. 10 and released as the non-monetary assets acquired, to which it relates, are used or sold.

Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax has not been discounted.

2. TURNOVER

No analysis of turnover by geographical markets has been produced because in the opinion of the directors this information would be seriously prejudicial to the interests of the group.

3. OPERATING PROFIT

	<u>2004</u> £	<u>2003</u> £
The operating profit is stated after charging/(crediting):		
Auditors' remuneration	51,723	38,946
Depreciation and other amounts written off tangible fixed assets:		
Owned assets	442,409	486,850
Leased assets	82,130	75,252
Amortisation of intangible fixed assets	9,636	9,636
Profit on sale of tangible fixed assets	-	425,094
Loss on sale of tangible fixed assets	422	-
Hire of plant and machinery	68,225	90,510
Other operating lease costs	846,060	745,991
Foreign exchange gains	-	(16,009)
Foreign exchange losses	4,211	-
	=====	=====

4. STAFF COSTS

Aggregate staff costs, including directors, were as follows:

	<u>2004</u> £	<u>2003</u> £
Wages and salaries	4,986,447	4,561,681
Social Security costs	289,327	297,283
Pension and other staff costs	641,858	680,670
	-----	-----
	5,917,632	5,539,634
	=====	=====

The average monthly number of full-time employees during the year was:

	<u>2004</u> Number	<u>2003</u> Number
Office and administration	69	75
Selling and marketing	42	31
Activities	410	349
	-----	-----
	521	455
	=====	=====

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004 (continued)

5. DIRECTORS' EMOLUMENTS

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Aggregate emoluments	155,038	173,331
	-----	-----
	155,038	173,331
	=====	=====
 The highest paid director	 100,000	 113,331
	=====	=====

The above amount includes £5,038 (2003- £15,584) paid into a money purchase pension scheme in respect of one director (2003- two).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Bank deposit interest received	22,885	27,711
Other interest received	-	3,263
	-----	-----
	22,885	30,974
	=====	=====

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Interest payable on bank loans and overdrafts	225,587	138,253
Interest payable under finance lease and hire purchase agreements	24,183	24,638
Other interest payable	30,939	222
	-----	-----
	280,709	163,113
	=====	=====

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

8. TAXATION

	<u>2004</u>	<u>2003</u>
Domestic current year tax		
UK Corporation tax	241,613	269,352
Adjustment for prior years	(4,723)	-
	<hr/>	<hr/>
Current tax charge	236,890	269,352
Deferred tax		
Deferred tax charge / credit current year	-	(32,108)
	<hr/>	<hr/>
	236,890	237,244
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	378,414	1,028,821
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003:30%)	113,524	308,646
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	160,612	41,952
Depreciation	157,362	168,631
Capital allowances	(170,657)	(124,473)
Adjustments to previous periods	(4,723)	-
Other tax adjustments	(19,228)	(125,404)
	<hr/>	<hr/>
	123,366	(39,294)
	<hr/>	<hr/>
Current tax charge	236,890	269,352
	<hr/>	<hr/>

9. PROFIT FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
(Loss)/profit after tax	(1,551,595)	1,871,209
	<hr/>	<hr/>

10. DIVIDENDS

	<u>2004</u>		<u>2003</u>	
	<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Interim dividend	1,500,000	1,500,000	-	-
Final dividend	170,000	170,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,670,000	1,670,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

KINGSWOOD LEARNING AND LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

11. INTANGIBLE FIXED ASSETS

	<u>Group</u>		
	<u>Company</u>	<u>Goodwill</u>	<u>Total</u>
	<u>Sales Licence</u>		
	<u>£</u>	<u>£</u>	<u>£</u>
Cost			
At 1 January 2004 and 31 December 2004	182,843	1,041,085	1,223,928
	=====	=====	=====
Amortisation			
At 1 January 2004	91,022	283,599	374,621
Provided in the year	18,284	52,055	70,339
	-----	-----	-----
At 31 December 2004	109,306	335,654	444,960
	=====	=====	=====
Net Book Value			
At 31 December 2004	73,537	705,431	778,968
	=====	=====	=====
At 31 December 2003	91,821	757,486	849,307
	=====	=====	=====

The goodwill on acquisition arising on consolidation is being amortised over 20 years. The sales licence is being amortised over the life of the agreement, 10 years.

12. NEGATIVE GOODWILL

	<u>£</u>
Cost	
At 1 January 2003 and at 31 December 2004	1,214,053
	=====
Amortisation	
At 1 January 2004	364,218
Released in the year	60,703

At 31 December 2004	424,921
	=====
Net Book Value	
At 31 December 2004	789,132
	=====
At 31 December 2003	849,835
	=====

The negative goodwill on acquisition is being amortised over 20 years.

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

13. TANGIBLE FIXED ASSETS

<u>Group</u>	<u>Freehold Property & Improvements</u> £	<u>Short Leasehold Property & Improvements</u> £	<u>Plant, Machinery, etc.</u> £	<u>Total</u> £
Cost				
At 1 January 2004	8,212,969	959,165	3,794,185	12,966,319
Additions	850,071	95,622	478,490	1,424,183
Revaluations	(360,690)	-	-	(360,690)
Disposals	-	-	(1,475)	(1,475)
At 31 December 2004	8,702,350	1,054,787	4,271,200	14,028,337
Depreciation				
At 1 January 2004	207,221	426,229	2,443,586	3,077,036
Charge for the year	51,365	77,054	396,120	524,539
Eliminated on disposals	-	-	(903)	(903)
At 31 December 2004	258,586	503,283	2,838,803	3,600,672
Net Book Value				
At 31 December 2004	8,443,764	551,504	1,432,397	10,427,665
At 31 December 2003	8,005,748	532,936	1,350,599	9,889,283

Included in the net book value of plant and equipment is £313,931 (2003 - £283,385) in respect of assets held under finance lease and hire purchase agreements. The related depreciation charge for the period was £82,130 (2003- £75,252).

Freehold property costs include £9,722 of finance costs which have been capitalised.

The freehold property at Barn Lane, Albrighton, Wolverhampton was revalued by independent Chartered Surveyors, Stevens Scanlan on 25 April 2003 at an open market value of £2,600,000.

The freehold property at Cromer Road, West Runton, Norfolk was revalued by independent Chartered Surveyors Strutt Parker on 29 September 2004 at an open market value of £2,000,000.

The freehold property at Greensyke Farm, Cumdivock, Dalston, Carlisle was revalued by independent Chartered Surveyors Hyde Harrington on 4 November 2004 at an open market value of £2,000,000.

The freehold property at Cromer Road, Overstand, Norfolk was revalued by independent Chartered Surveyors Strutt Parker on 11 November 2004 at an open market value of £1,500,000.

The historical cost of the freehold land and buildings included above at the total valuation of £8,100,000 was £5,985,558 (2003- £5,985,558). The cost or valuation of freehold buildings on which depreciation is charged amounted to £2,645,792 (2003- £2,177,243).

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

13. TANGIBLE FIXED ASSETS contd

<u>Company</u>	<u>Freehold Property & Improvements</u> £	<u>Short Leasehold Property & Improvements</u> £	<u>Plant, Machinery, etc.</u> £	<u>Total</u> £
Cost				
At 1 January 2004	8,212,969	959,165	3,512,425	12,684,559
Additions	850,071	95,622	478,490	1,424,183
Revaluations	(360,690)	-	-	(360,690)
Disposals	-	-	(1,475)	(1,475)
At 31 December 2004	8,702,350	1,054,787	3,989,440	13,746,577
Accumulated Depreciation				
At 1 January 2004	207,221	426,229	2,197,703	2,831,153
Charge for the year	51,365	77,054	387,151	515,570
Eliminated on disposals	-	-	(903)	(903)
At 31 December 2004	258,586	503,283	2,583,951	3,345,820
Net Book Value				
At 31 December 2004	8,443,764	551,504	1,405,489	10,400,757
At 31 December 2003	8,005,748	532,936	1,314,722	9,853,406

Included in the net book value of plant and equipment is £313,931 (2003 - £283,385) in respect of assets held under finance lease and hire purchase agreements. The related depreciation charge for the period was £82,130 (2003- £75,252).

Freehold property costs include £9,722 of finance costs which have been capitalised.

The freehold property at Barn Lane, Albrighton, Wolverhampton was revalued by independent Chartered Surveyors, Stevens Scanlan on 25 April 2003 at an open market value of £2,600,000.

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The historical cost of the freehold land and buildings included above at the total valuation of £8,100,000 was £5,985,558 (2003- £5,985,558). The cost or valuation of freehold buildings on which depreciation is charged amounted to £2,645,792 (2003- £2,177,243).

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

14. INVESTMENTS

The principal subsidiaries are listed below:

Shares in group undertakings, at cost	Class of share	Proportion held
Kingswood Centre Limited	Ordinary	100%
Kingswood (Isle of Wight) Limited	Ordinary	100%
Kingwood (Norfolk) Limited	Ordinary	100%
Interlent Limited	Ordinary	100%
Britannia Learning & Leisure Limited	Ordinary	100%
Freetime Leisure Limited *	Ordinary	100%
Kingswood (Head Office) Limited	Ordinary	100%

All of the above companies are registered in England and Wales and did not trade in the year, except Britannia Learning & Leisure Limited and Kingswood (Head Office) Limited, whose principle activity is the provision of management services.

All subsidiaries are directly held except where indicated with an *.

15. STOCK

All stock relates to merchandise held for resale.

16. DEBTORS

	<u>2004</u>		<u>2003</u>	
	<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
	£	£	£	£
Amounts owed by group undertakings	1,237,270	-	1,237,270	-
Amounts owed by related undertakings	54,238	54,238	-	-
Other debtors	208,350	210,136	1,915,240	1,925,864
Prepayments and accrued income	356,203	576,280	417,492	513,395
	<u>1,856,061</u>	<u>840,654</u>	<u>3,570,002</u>	<u>2,439,259</u>
	=====	=====	=====	=====

Included in other debtors are directors' loan accounts of £Nil (2003 - £1,154,697).

17. CREDITORS: amounts falling due within one year

	<u>2004</u>		<u>2003</u>	
	<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
	£	£	£	£
Bank loans and overdrafts	732,154	732,154	662,311	662,311
Trade creditors	818,531	966,148	654,556	741,016
Amounts owed to group undertakings	1,959,897	-	1,989,901	-
Amounts owed to related undertakings	-	27,450	-	25,097
Social security and other taxes	537,318	556,191	279,850	303,910
Corporation tax	47,684	537,283	57,294	595,694
Obligations under finance lease and hire purchase agreements	103,004	103,004	89,351	89,351
Directors' current accounts	87,767	87,767	-	-
Other creditors	115,493	115,493	196,221	196,221
Accruals	166,055	295,707	61,835	224,758
	<u>4,567,903</u>	<u>3,421,197</u>	<u>3,991,319</u>	<u>2,838,358</u>
	=====	=====	=====	=====

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

18. CREDITORS: amounts falling due after more than one year

	2004		2003	
	Company	Group	Company	Group
	£	£	£	£
Bank loans	3,094,955	3,094,955	3,281,014	3,281,014
Obligations under finance lease and hire purchase agreements	77,177	77,177	79,468	79,468
	<u>3,172,132</u>	<u>3,172,132</u>	<u>3,360,482</u>	<u>3,360,482</u>
	=====	=====	=====	=====

The maturity of obligations under finance lease and hire purchase agreements are as follows:

	2004		2003	
	Company	Group	Company	Group
	£	£	£	£
Within one year	103,004	103,004	89,351	89,351
Within two to five years	77,177	77,177	79,468	79,468
	<u>180,181</u>	<u>180,181</u>	<u>168,819</u>	<u>168,819</u>
	=====	=====	=====	=====

These obligations are secured on the assets to which they relate.

The maturity of the two bank loans are as follows:

	2004		2003	
	Company	Group	Company	Group
	£	£	£	£
Amounts due within one year	<u>429,051</u>	<u>429,051</u>	<u>427,908</u>	<u>427,908</u>
	=====	=====	=====	=====
Between one to two years	429,051	429,051	427,908	427,908
Between two to five years	1,287,155	1,287,155	1,283,722	1,283,722
More than five years	1,378,749	1,378,749	1,569,384	1,569,384
	<u>3,094,955</u>	<u>3,094,955</u>	<u>3,281,014</u>	<u>3,281,014</u>
	=====	=====	=====	=====
Amounts due after more than one year	3,094,955	3,094,955	3,281,014	3,281,014
	<u>3,524,006</u>	<u>3,524,006</u>	<u>3,708,922</u>	<u>3,708,922</u>
	=====	=====	=====	=====
Total	3,524,006	3,524,006	3,708,922	3,708,922

Bank loans are secured by fixed and floating charges over certain assets of group companies.

19. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

	2004		2003	
	Full Provision	Full Provision	Full Provision	Full Provision
	Company	Group	Company	Group
	£	£	£	£
Balance at 1 January 2004	149,632	151,140	179,230	181,740
Profit and loss account	-	-	(29,598)	(30,600)
	<u>149,632</u>	<u>151,140</u>	<u>149,632</u>	<u>151,140</u>
	=====	=====	=====	=====
Balance at 31 December 2004	149,632	151,140	149,632	151,140
	<u>149,632</u>	<u>151,140</u>	<u>149,632</u>	<u>151,140</u>
	=====	=====	=====	=====
Accelerated Capital Allowances	149,632	151,140	149,632	151,140
	<u>149,632</u>	<u>151,140</u>	<u>149,632</u>	<u>151,140</u>
	=====	=====	=====	=====

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

20. DEFERRED INCOME

Deferred income represents income received before the period end but relating to courses due to commence in forthcoming periods.

21. CALLED UP SHARE CAPITAL

	<u>2004</u> £	<u>2003</u> £
Authorised 10,000 Ordinary shares of £1 each	10,000 =====	10,000 =====
Allotted, called up and fully paid 2 Ordinary shares of £1 each	2 =====	2 =====

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Company</u> £	<u>Group</u> £
Opening shareholders' funds	3,743,138	3,813,486
Profit for the financial year after taxation	118,406	141,524
Revaluations during the year	(360,690)	(360,690)
Dividends	(1,670,000)	(1,670,000)
Closing shareholders' funds	1,830,854 =====	1,924,320 =====

23. ULTIMATE CONTROLLING PARTY

The company was controlled by two of the directors, S Wiley and C Wiley, for the duration of both accounting periods.

24. TRANSACTIONS WITH DIRECTORS

The company made rental payments amounting £147,406 (2003- £120,750) to O C Wiley for rent of various properties owned personally by O C Wiley and used in connection with the company's activities.

The company made rental payments amounting £12,500 (2003- £Nil) to S Wiley for rent of a property owned personally by S Wiley and used in connection with the company's activities.

The following directors had interest free loans during the year. The movements on these loans are as follows:

	<u>2004</u> £	<u>2003</u> £	Maximum in year £
S Wiley	-	898,611	898,611
C Wiley	-	137,457	137,457
O Wiley	-	118,629	118,629
	=====	=====	=====

KINGSWOOD LEARNING & LEISURE GROUP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2004

25. RELATED PARTY TRANSACTIONS

During the year the group purchased £90,324 (2003- £79,377) of transport services in the ordinary course of business from Britannia Coach Services Limited, a company incorporated in England and Wales in which O Wiley is a director and shareholder. At the balance sheet date a total of £99,569 (2003- £79,036) was owed by the group to Britannia Coach Services Limited.

26. CONTINGENT LIABILITIES

The group and other related undertakings are parties to a composite bank cross-guarantee. At the balance sheet date, no net liability existed.

There were no other material contingent liabilities for which provision has not been made in these accounts.

27. OPERATING LEASE COMMITMENTS

The group had annual commitments under non-cancellable operating leases as set out below:

	<u>2004</u> <u>Land & Buildings</u>	<u>2004</u> <u>Other</u>	<u>2003</u> <u>Land & Buildings</u>	<u>2003</u> <u>Other</u>
Operating leases which expire				
Within one year	-	15,510	-	-
In two to five years	-	121,058	85,074	136,568
After five years	272,860	-	355,833	-
	<u>272,860</u>	<u>136,568</u>	<u>440,907</u>	<u>136,568</u>
	=====	=====	=====	=====

28. CAPITAL COMMITMENTS

The group has the following capital commitments:

	<u>2004</u>	<u>2003</u>
Contracted for but not provided in the financial statements	-	99,698
	=====	=====

29. POST BALANCE SHEET EVENTS

On 4 April 2005 the company provided financial assistance to Kingswood Educational Group Limited, a company incorporated in England and Wales in which O C Wiley is a director and shareholder. Financial assistance was provided by way of a legal charge over all of the company's current and future assets, in order for Kingswood Educational Group Limited to acquire the entire shareholding in Kingswood Learning & Leisure Group Limited.