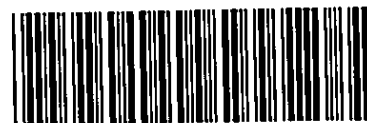


# Financial statements Kingswood Learning and Leisure Group Limited

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For the Year Ended 31 July 08

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COMPANIES HOUSE

Company No. 3476432

## Officers and professional advisers

<b>Company registration number</b>	3476432
<b>Registered office</b>	Kingswood House Alkmaar Way Norwich NR6 6BF
<b>Directors</b>	P D Gilbert J Barber
<b>Secretary</b>	G Rutter
<b>Bankers</b>	National Westminster Bank plc
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditor Holland Court The Close Norwich Norfolk NR1 4DY

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 July 2008.

### **Principal activities and business review**

The principal activities of the company in the period under review were the provision of children's educational school trips and adventure breaks.

The results of the financial statements for the year ended 31 July 2008 show a profit of £3,424,578 (2007 seven month period - £1,566,785). The directors have not recommended a dividend.

### **Summary of key performance indicators**

The directors have monitored the progress of the company using certain financial and non financial performance indicators.

	2008 12 months	2007 7 months
Gross profit %	63.8	64.6
Headcount	590	578
Turnover per headcount (£k)	30	20

Gross profit % is the group gross profit as stated in the financial statements divided in turnover.

Headcount is as stated in the financial statements.

Turnover per headcount indicates staff efficiency.

The key performance indicators are not comparable to the seven months of 2007 due to the seasonality of the business.

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

The company aims to minimise financial risk by a number of measures. The directors prepare profit and cashflow forecasts, monitor performance against these and ensure that adequate financing arrangements are in place to meet the requirements of the business.

The company mainly operates in the UK, and as a result has minimal exposure to foreign currency exchange rates. Credit risk is minimised through payments being received in advance for holidays.

### **Directors**

The directors who served the company during the year were as follows:

P D Gilbert  
J Barber

### **Directors' and officers' indemnity insurance**

The company maintains liability insurance for its directors and officers, with a cover limit for each claim or series of claims against them in that capacity. The directors have also been granted a qualifying third party provision under section 309 A-B of the Companies Act 1985. Neither the company's indemnity nor insurance provides cover in the event that a director is proved to have acted fraudulently or dishonestly.

### **Directors' responsibilities**

The directors are responsible for preparing the Report of the directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Donations**

During the year the company made the following contributions:

	Year to 31 July 2008 £	Period from 1 January 2007 to 31 July 2007 £
Charitable	<u>8,475</u>	<u>-</u>

### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

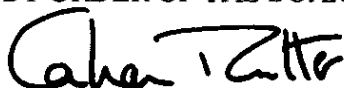
### **Employee involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

### **Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



G Rutter  
Secretary

9 December 2008

# Report of the independent auditor to the member of Kingswood Learning and Leisure Group Limited

We have audited the financial statements of Kingswood Learning and Leisure Group Limited for the year ended 31 July 2008 which comprise the accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the directors and the financial statements in accordance with United Kingdom law and 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 Report of the directors 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 Report of the directors 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 company's circumstances, consistently applied and adequately disclosed.

## Report of the independent auditor to the member of Kingswood Learning and Leisure Group Limited (continued)

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 July 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS

NORWICH

*10 December 2008*



## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### **Turnover**

The turnover shown in the profit and loss account represents amounts receivable for holidays commencing in the year, exclusive of Value Added Tax. Where the year end falls on a week day the holiday income for that week is split on a daily basis to achieve cut off on the month end date.

Holiday deposits received in advance for holidays departing after the year end are included within deferred income.

Income from the sale of third party insurance policies is recognised at the date of sale as the company has no further obligations to the customer.

Souvenir income, excluding Value Added Tax is recognised at date of sale.

### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Sales Licence - straight line over 5 years

### **Fixed assets**

Fixed assets are initially shown at cost.

All fixed assets, apart from those relating to website development, are subject to revaluation.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line on cost or revalued amount
Leasehold Property	-	straight line over length of lease
Plant & Machinery	-	25% reducing balance
Website development	-	25% straight line

Land is not depreciated.

### **Stocks**

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

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Monetary 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 of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### **Group accounts**

The company is exempt from preparing consolidated financial statements on the grounds that it is an intermediate holding company and its results are included in the parent undertaking, Outdoor Education (Holdings) Limited. These financial statements therefore represent information about the company as an individual undertaking and not about its group.

### **Pension costs**

The company makes payment to individual pension plans and operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account as incurred.

**Brochure costs**

Third party costs incurred in the production of the company's brochures are charged to the profit and loss account in the season to which they relate. Where external costs are incurred relating to future seasons they are carried forward and charged to the profit and loss account in the future period in which the related income will be receivable in so far as the directors are satisfied that future revenue will exceed the costs deferred.

## Profit and loss account

		Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
	Note		
Turnover	1	17,493,082	11,464,466
Cost of sales		(6,324,348)	(4,061,706)
Gross profit		11,168,734	7,402,760
Other operating charges	2	(7,915,306)	(4,900,260)
Operating profit	3	3,253,428	2,502,500
Interest receivable		111,517	104,568
Interest payable and similar charges	6	(212,028)	(259,170)
Profit on ordinary activities before taxation		3,152,917	2,347,898
Tax on profit on ordinary activities	7	271,661	(781,113)
Profit for the financial year	22	<u>3,424,578</u>	<u>1,566,785</u>

All of the activities of the company are classed as continuing.

## Balance sheet

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	8	48,333	68,333
Tangible assets	9	28,674,741	25,878,097
Investments	10	25,011	25,011
		<u>28,748,085</u>	<u>25,971,441</u>
<b>Current assets</b>			
Stocks	11	89,233	72,927
Debtors	12	10,667,832	6,278,317
Cash at bank		20,148	4,927,679
		<u>10,777,213</u>	<u>11,278,923</u>
Creditors: amounts falling due within one year	13	(15,829,214)	(12,354,308)
Net current liabilities		<u>(5,052,001)</u>	<u>(1,075,385)</u>
Total assets less current liabilities		23,696,084	24,896,056
Creditors: amounts falling due after more than one year	14	(37,977)	(5,391,758)
		<u>23,658,107</u>	<u>19,504,298</u>
<b>Provisions for liabilities</b>			
Deferred taxation	16	-	(58,853)
		<u>23,658,107</u>	<u>19,445,445</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	2	2
Revaluation reserve	21	16,647,955	15,859,871
Profit and loss account	21	7,010,150	3,585,572
Shareholder's funds	22	<u>23,658,107</u>	<u>19,445,445</u>

These financial statements were approved by the directors and authorised for issue on *9 December 2008* and are signed on their behalf by:



J Barber  
 Director

## Other primary statements

### **Statement of total recognised gains and losses**

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Profit for the financial year	3,424,578	1,566,785
Unrealised profit on revaluation of certain fixed assets	788,084	9,727,123
Total gains and losses recognised for the year	<u>4,212,662</u>	<u>11,293,908</u>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the principal activity of the company.  
 An analysis of turnover is given below:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
United Kingdom	<u>17,493,082</u>	<u>11,464,466</u>

### **2 Other operating charges**

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Distribution costs	1,412,299	1,053,194
Administrative expenses	6,503,007	3,847,066
	<u>7,915,306</u>	<u>4,900,260</u>

### **3 Operating profit**

Operating profit is stated after charging:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Amortisation	20,000	11,667
Depreciation of owned fixed assets	1,127,765	412,808
Depreciation of assets held under hire purchase agreements	58,492	38,807
Loss on disposal of fixed assets	—	50,000
Operating lease costs	1,115,945	613,318
Net loss on foreign currency translation	134	6,893
Auditor's remuneration - audit of the financial statements	16,800	16,050
Auditor's remuneration - other fees	<u>16,470</u>	<u>8,000</u>

**4 Employees**

The average number of staff employed by the company during the financial year amounted to:

	Year to 31 Jul 08 No	Period from 1 Jan 07 to 31 Jul 07 No
Number of production staff	504	492
Number of administrative staff	86	86
	<u>590</u>	<u>578</u>

The aggregate payroll costs of the above were:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Wages and salaries	5,778,819	3,353,566
Social security costs	409,626	248,716
Other pension costs	296	2,139
	<u>6,188,741</u>	<u>3,604,421</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Emoluments receivable	719,287	307,835
Compensation for loss of directorship	—	25,000
	<u>719,287</u>	<u>332,835</u>



**5 Directors (continued)**

Emoluments of highest paid director:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Total emoluments	<u>361,164</u>	<u>129,701</u>

**6 Interest payable and similar charges**

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Interest payable on bank borrowing	189,375	239,535
Finance charges payable under hire purchase agreements	2,983	11,376
Other similar charges payable	19,670	8,259
	<u>212,028</u>	<u>259,170</u>

**7 Taxation on ordinary activities**

(a) Analysis of charge in the year

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2007 - 30%)	-	787,015
(Over)/under provision in prior year	(21,654)	2,930
Total current tax (note 7(b))	<u>(21,654)</u>	<u>789,945</u>
Deferred tax:		
Origination and reversal of timing differences	(250,007)	(8,832)
Tax on profit on ordinary activities	<u>(271,661)</u>	<u>781,113</u>

**7 Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Profit on ordinary activities before taxation	3,152,917	2,347,898
Profit on ordinary activities by rate of tax	945,875	704,369
Expenses not deductible for tax purposes	12,156	58,441
Depreciation for period in excess of capital allowances	319,465	24,205
Group relief claimed	(1,265,660)	-
Adjustments to tax charge in respect of previous periods	(21,654)	2,930
Sundry tax adjusting items	(11,836)	-
Total current tax (note 7(a))	(21,654)	789,945

**8 Intangible fixed assets**

	Sales licence £
Cost	
At 1 August 2007 and 31 July 2008	100,000
Amortisation	
At 1 August 2007	31,667
Charge for the year	20,000
At 31 July 2008	51,667
Net book value	
At 31 July 2008	48,333
At 31 July 2007	68,333

The sales licence is being amortised over the life of the agreement, 5 years.

**9 Tangible fixed assets**

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Website Development £	Total £
Cost or valuation					
At 1 August 2007	17,019,148	7,096,000	1,734,698	50,737	25,900,583
Additions	328,001	2,382,455	484,361	–	3,194,817
Revaluation	–	168,977	5,168	–	174,145
At 31 July 2008	<u>17,347,149</u>	<u>9,647,432</u>	<u>2,224,227</u>	<u>50,737</u>	<u>29,269,545</u>
Depreciation					
At 1 August 2007	–	–	–	22,486	22,486
Charge for the year	342,727	356,738	474,108	12,684	1,186,257
Revaluation adjustment	(183,714)	(189,416)	(240,809)	–	(613,939)
At 31 July 2008	<u>159,013</u>	<u>167,322</u>	<u>233,299</u>	<u>35,170</u>	<u>594,804</u>
Net book value					
At 31 July 2008	<u>17,188,136</u>	<u>9,480,110</u>	<u>1,990,928</u>	<u>15,567</u>	<u>28,674,741</u>
At 31 July 2007	<u>17,019,148</u>	<u>7,096,000</u>	<u>1,734,698</u>	<u>28,251</u>	<u>25,878,097</u>

Included within the net book value of £28,674,741 is £85,419 (2007 - £143,911) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £58,492 (2007 - £38,807).

Included within the net book value of freehold property is £851,000 (2007: £851,000) attributable to the value of land.

Freehold land and buildings were revalued on 13 February 2008 by HLL Humberts Leisure, Chartered Surveyors. The properties were valued at the Market Value in accordance with the requirements contained within the Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors. The accuracy of their own valuation is dependent upon the accuracy of the information supplied to them.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	NBV of revalued tangible fixed assets £
Cost	13,506,222
Accumulated depreciation	(1,495,003)
Net book amount at 31 July 2008	<u>12,011,219</u>
Net book amount at 31 July 2007	<u>9,989,975</u>

**10 Investments**

**Shares in group undertakings**

	£
Cost	
At 1 August 2007 and 31 July 2008	<u>25,011</u>
Net book value	
At 31 July 2008	<u>25,011</u>
At 31 July 2007	<u>25,011</u>

The company owns 100% of the issued share capital of the companies listed below:

Britannia Learning and Leisure Limited  
 Britannia Coach Services Limited  
 Kingswood (Colomendy) Limited

Dormant companies:  
 Kingswood (Head Office) Limited  
 Kingswood Centre Limited  
 Kingswood (Isle of Wight) Limited  
 Kingswood (Norfolk) Limited  
 Interlent Limited  
 Freetime Leisure Limited

All subsidiaries are registered in England and Wales and are directly held except Freetime Leisure Limited which is a wholly owned subsidiary of Britannia Learning and Leisure Limited.

The principal activity of Britannia Learning and Leisure Limited is the operation of children's holiday camps, Kingswood Colomendy Limited operates children's educational school trips and adventure breaks and Britannia Coach Services Limited operates as a transport agency.

**11 Stocks**

	2008	2007
	£	£
Finished goods	<u>89,233</u>	<u>72,927</u>

**12 Debtors**

	2008 £	2007 £
Trade debtors	753,761	804,037
Amounts owed by group undertakings	7,741,334	4,662,218
Other debtors	487,606	286,255
Corporation tax recoverable	478,212	-
Deferred tax asset	191,154	-
Prepayments and accrued income	1,015,765	525,807
	<u>10,667,832</u>	<u>6,278,317</u>

**13 Creditors: amounts falling due within one year**

	2008 £	2007 £
Bank overdraft	1,105,299	436,477
Trade creditors	1,058,116	1,522,149
Amounts owed to group undertakings	7,137,003	3,414,135
Corporation tax	-	560,097
Other taxation and social security	891,856	680,545
Amounts due under hire purchase agreements	41,290	73,638
Other creditors	335,909	413,726
Accruals and deferred income	5,259,741	5,253,541
	<u>15,829,214</u>	<u>12,354,308</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2008 £	2007 £
Bank loans	-	436,477

Liabilities due under finance leases and hire purchase agreements are secured on the assets to which they relate.

**14 Creditors: amounts falling due after more than one year**

	2008 £	2007 £
Bank loans	-	5,316,143
Amounts due under hire purchase agreements	37,977	75,615
	<u>37,977</u>	<u>5,391,758</u>

Liabilities due under finance leases and hire purchase agreements are secured on the assets to which they relate.

**15 Commitments under hire purchase agreements**

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2008 £	2007 £
Amounts payable within 1 year	41,290	73,638
Amounts payable between 1 and 2 years	19,089	39,880
Amounts payable between 3 and 5 years	18,888	35,735
	<u>79,267</u>	<u>149,253</u>

**16 Deferred taxation**

The movement in the deferred taxation provision during the year was:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Provision brought forward	58,853	67,685
Profit and loss account movement arising during the year	(250,007)	(8,832)
(Asset)/provision carried forward (note 12)	<u>(191,154)</u>	<u>58,853</u>

The (asset)/provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of depreciation over taxation allowances/taxation allowances over depreciation on fixed assets	(191,154)	67,685
Tax losses available	-	(8,832)
	<u>(191,154)</u>	<u>58,853</u>

**17 Commitments under operating leases**

At 31 July 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	204,996	44,153	97,543	15,282
Within 2 to 5 years	796,522	46,465	362,009	152,407
After more than 5 years	371,622	18,708	245,909	-
	<u>1,373,140</u>	<u>109,326</u>	<u>705,461</u>	<u>167,689</u>

**18 Contingencies**

All group undertakings have given an unlimited multilateral guarantee to the group's bankers in respect of amounts owed under the group's banking arrangements. The bank's charges are secondary to the Civil Aviation Authority charge over the freehold and leasehold property of the group.

Her Majesty's Revenue and Customs have notified that they are to conduct a full enquiry into a prior year corporation tax return. At this time the directors do not have any indication of potential liability, if any, that could arise from this inquiry. The directors consider that any liability that were to arise is covered by the warranties taken out under the 2005 purchase agreement, entered into by Outdoor Education (Holdings) Limited.

The company has guaranteed default payments for a fellow subsidiary should it terminate its operational agreements with Liverpool City Council. The maximum liability to the company would be £2.05 million. The directors do not foresee any liability in this respect at the time of approving the financial statements.

**19 Related party transactions**

The company has taken advantage of the exemption conferred by FRS 8 Related Party Disclosures not to disclose transactions with its fellow subsidiaries and parent undertakings as it is a wholly owned subsidiary of a group which produces consolidated financial statements.

**20 Share capital**

Authorised share capital:

	2008 £	2007 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**21 Reserves**

	Revaluation reserve £	Profit and loss account £
At 1 August 2007	15,859,871	3,585,572
Profit for the year	–	3,424,578
Other gains and losses		
- Revaluation of fixed assets	788,084	–
At 31 July 2008	<u>16,647,955</u>	<u>7,010,150</u>

**22 Reconciliation of movements in shareholder's funds**

	2008 £	2007 £
Profit for the financial year	3,424,578	1,566,785
Other net recognised gains and losses	788,084	9,727,123
Net addition to shareholder's funds	4,212,662	11,293,908
Opening shareholder's funds	19,445,445	8,151,537
Closing shareholder's funds	23,658,107	19,445,445

**23 Ultimate parent company**

The largest group of undertakings for which consolidated accounts are prepared to include the results of this company is headed by EATG (Debtco) Limited registered in England.

EATG Sarl, incorporated in Luxembourg is the ultimate parent undertaking for The School Travel Group Ltd.

The company is ultimately controlled by funds managed by DLJ Merchant Banking, Inc., the General Partner of DLJ Merchant Banking IV (Cayman) LP, which is the general partner of DLJMB Overseas Partners IV, LP.



## Management information

**The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 6 to 7.**

## Profit and loss account

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
<b>Turnover</b>	<b>17,493,082</b>	<b>11,464,466</b>
<b>Cost of sales</b>		
Transport and travel costs	(1,096,129)	(740,888)
Catering costs	(998,406)	(701,371)
Cleaning and laundry	(165,713)	(92,769)
Merchandise	(163,681)	(124,773)
Motor expenses	(175,937)	(98,058)
Direct wages	(3,185,268)	(1,928,090)
National insurance contributions on direct labour	(165,659)	(92,899)
Other cost of sales direct costs	(84,954)	(53,074)
Activity and excursion costs	(288,601)	(229,784)
	<u>(6,324,348)</u>	<u>(4,061,706)</u>
<b>Gross profit</b>	<b>11,168,734</b>	<b>7,402,760</b>
<b>Overheads</b>		
Distribution costs	(1,412,299)	(1,053,194)
Administrative expenses	(6,503,007)	(3,847,066)
	<u>(7,915,306)</u>	<u>(4,900,260)</u>
<b>Operating profit</b>	<b>3,253,428</b>	<b>2,502,500</b>
<b>Bank interest receivable</b>	<b>111,517</b>	<b>104,568</b>
	<u>3,364,945</u>	<u>2,607,068</u>
<b>Interest payable</b>	<b>(212,028)</b>	<b>(259,170)</b>
<b>Profit on ordinary activities</b>	<b><u>3,152,917</u></b>	<b><u>2,347,898</u></b>

## Notes to the detailed profit and loss account

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
<b>Distribution costs</b>		
Distribution and sales wages	918,602	515,997
National insurance contributions on distribution labour	80,095	60,395
Sales other staff costs	46,497	32,381
Customer entertainment	768	942
Consultants fees	(954)	1,156
Vehicle leasing charges	19,824	6,094
Advertising	39,270	34,796
Exhibitions	17,834	53,587
Distribution, printing and email	247,539	261,719
PR and promotions	30,835	28,136
Telephone and communications	11,989	7,991
Loss on disposal of fixed assets	—	50,000
	<u>1,412,299</u>	<u>1,053,194</u>
<b>Administrative expenses</b>		
<b>Personnel costs</b>		
Directors' salaries	654,585	270,561
Directors' national insurance contributions	74,299	48,089
Directors' compensation for loss of office	—	25,000
Wages and salaries	1,020,364	613,918
Staff national insurance contributions	89,573	47,333
Staff pension contributions	296	2,139
	<u>1,839,117</u>	<u>1,007,040</u>
<b>Establishment expenses</b>		
Rent	1,068,620	587,754
Rates and water	756,753	497,699
Insurance	240,013	173,934
	<u>2,065,386</u>	<u>1,259,387</u>
<b>General expenses</b>		
Vehicle leasing charges	27,501	19,470
Telephone	121,514	75,148
Admin other staff costs	506,520	378,150
Repairs and maintenance	339,586	207,510
Health, safety and security	96,801	30,297
Subscriptions and publications	21,584	21,127
Waste disposal	13,411	6,859
Hire of equipment	—	17,448
Printing, stationery and postage	192,191	81,449
Other office administrative expenses	(398,742)	(122,290)
Sundry expenses	120,288	35,317
Donations	8,475	—
	<u>1,049,129</u>	<u>750,485</u>
Carried forward		

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
<b>Administrative expenses (continued)</b>		
Brought forward	1,049,129	750,485
Entertaining	72	988
Legal and professional fees	102,713	183,325
Other admin consultancy fees	166,682	95,656
Accountancy fees	—	41,220
Auditor's remuneration	38,857	16,050
Amortisation	20,000	11,667
Depreciation	1,186,257	451,615
	<u>2,563,710</u>	<u>1,551,006</u>
<b>Financial costs</b>		
Bank charges	34,660	22,740
Foreign currency losses	134	6,893
	<u>34,794</u>	<u>29,633</u>
	<u>6,503,007</u>	<u>3,847,066</u>
<b>Interest receivable</b>		
Bank interest receivable	<u>111,517</u>	<u>104,568</u>
<b>Interest payable</b>		
Bank interest payable	189,375	239,535
Hire purchase and finance lease charges	2,983	11,376
Interest on other loans	19,670	8,259
	<u>212,028</u>	<u>259,170</u>