

COMPANY REGISTRATION NUMBER 03579104

JAMES BOWERS EDUCATION LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2008

LAMONT PRIDMORE

Chartered Accountants & Registered Auditors

Arkle House
Lonsdale Street
Carlisle
Cumbria
CA1 1BJ

WEDNESDAY



PD6RYAZ6

PC3

24/06/2009

1471

COMPANIES HOUSE

25-6-09-177

JAMES BOWERS EDUCATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

CONTENTS	PAGE
The directors' report	1
Independent auditor's report to the shareholders	3
Profit and loss account	5
Group balance sheet	6
Balance sheet	7
Group cash flow cash flow statement	8
Notes to the financial statements	11
The following pages do not form part of the financial statements	
Detailed profit and loss account	26

JAMES BOWERS EDUCATION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 AUGUST 2008

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 August 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the provision of residential education and care of children with special needs.

The directors are pleased with the trading performance for the year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £699,494. The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.01 each	
	At 31 August 2008	At 1 September 2007
J F Bowers	100,000	100,000
P D Jones	-	-
C G Mills (resigned 24 July 2008)	-	-

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

JAMES BOWERS EDUCATION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 AUGUST 2008

In so far as the directors are aware:

- there is no relevant audit information of which the group'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.

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

During the year the auditors J.B.Lowthian & Co were taken over by Lamont Pridmore. Consequently a resolution to appoint Lamont Pridmore as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 386 of the Companies Act 1985.

Registered office:
Group Office
14 Main Street
Kirkby Lonsdale
Via Carnforth
Lancashire
LA6 2AE

Signed by order of the directors



S SCAIFE
Company Secretary

Approved by the directors on 22 January 2009

JAMES BOWERS EDUCATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAMES BOWERS EDUCATION LIMITED

YEAR ENDED 31 AUGUST 2008

We have audited the group and parent company financial statements ("the financial statements") of James Bowers Education Limited for the year ended 31 August 2008, which have been prepared on the basis of the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, 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 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 group's and 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.

JAMES BOWERS EDUCATION LIMITED


INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAMES BOWERS EDUCATION LIMITED *(continued)*

YEAR ENDED 31 AUGUST 2008

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 group's and the parent company's affairs as at 31 August 2008 and of the group's 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 Directors' Report is consistent with the financial statements.



LAMONT PRIDMORE
Chartered Accountants
& Registered Auditors

Arkle House
Lonsdale Street
Carlisle
Cumbria
CA1 1BJ

26 January 2009

JAMES BOWERS EDUCATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 AUGUST 2008

	Note	2008 £	2007 £
GROUP TURNOVER	2	17,216,262	16,130,106
Administrative expenses		15,782,510	15,118,598
Other operating income	3	<u>(12,990)</u>	<u>(15,712)</u>
OPERATING PROFIT	4	1,446,742	1,027,220
Interest receivable		71,543	33,031
Interest payable and similar charges	7	<u>(377,550)</u>	<u>(328,344)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,140,735	731,907
Tax on profit on ordinary activities	8	441,241	293,812
PROFIT FOR THE FINANCIAL YEAR	9	<u>699,494</u>	<u>438,095</u>

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

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 11 to 24 form part of these financial statements.

JAMES BOWERS EDUCATION LIMITED

GROUP BALANCE SHEET

31 AUGUST 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	10	808,624	868,974
Tangible assets	11	<u>9,137,429</u>	<u>7,659,241</u>
		<u>9,946,053</u>	<u>8,528,215</u>
CURRENT ASSETS			
Stocks	13	16,427	19,193
Debtors	14	3,302,586	1,269,728
Cash at bank and in hand		<u>1,614,785</u>	<u>2,121,922</u>
		4,933,798	3,410,843
CREDITORS: Amounts falling due within one year	15	<u>7,782,374</u>	<u>7,825,466</u>
NET CURRENT LIABILITIES		(2,848,576)	(4,414,623)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,097,477</u>	<u>4,113,592</u>
CREDITORS: Amounts falling due after more than one year	16	<u>5,530,301</u>	<u>3,341,404</u>
		1,567,176	772,188
PROVISIONS FOR LIABILITIES			
Deferred taxation	20	<u>230,000</u>	<u>234,500</u>
		<u>1,337,176</u>	<u>537,688</u>
CAPITAL AND RESERVES			
Called-up equity share capital	24	1,059	1,000
Share premium account	25	99,935	—
Revaluation reserve	25	460,341	471,047
Profit and loss account	25	<u>775,841</u>	<u>65,641</u>
SHAREHOLDERS' FUNDS	26	<u>1,337,176</u>	<u>537,688</u>

These financial statements were approved by the directors and authorised for issue on 22 January 2009, and are signed on their behalf by:

J F BOWERS

JF Bowers

The notes on pages 11 to 24 form part of these financial statements.

JAMES BOWERS EDUCATION LIMITED

BALANCE SHEET

31 AUGUST 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	10	391,997	412,997
Tangible assets	11	5,321,668	4,479,867
Investments	12	550,139	550,139
		<u>6,263,804</u>	<u>5,443,003</u>
CURRENT ASSETS			
Debtors	14	2,730,009	717,304
Cash at bank		102,761	11,708
		<u>2,832,770</u>	<u>729,012</u>
CREDITORS: Amounts falling due within one year	15	<u>2,151,519</u>	<u>2,167,392</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>681,251</u>	<u>(1,438,380)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,945,055</u>	<u>4,004,623</u>
CREDITORS: Amounts falling due after more than one year			
	16	5,043,370	2,970,172
		<u>1,901,685</u>	<u>1,034,451</u>
CAPITAL AND RESERVES			
Called-up equity share capital	24	1,059	1,000
Share premium account	25	99,935	–
Revaluation reserve	25	460,341	471,047
Profit and loss account	25	1,340,350	562,404
SHAREHOLDERS' FUNDS		<u>1,901,685</u>	<u>1,034,451</u>

These financial statements were approved by the directors and authorised for issue on 22 January 2009, and are signed on their behalf by:

J F BOWERS



The notes on pages 11 to 24 form part of these financial statements.

JAMES BOWERS EDUCATION LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2008

	Note	2008 £	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		317,541	2,841,331
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		71,543	33,031
Interest paid		(342,726)	(295,489)
Interest element of hire purchase		<u>(34,824)</u>	<u>(32,855)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(306,007)	(295,313)
TAXATION		(321,101)	(157,888)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		–	(419,997)
Payments to acquire tangible fixed assets		(2,568,744)	(548,089)
Receipts from sale of fixed assets		<u>474,251</u>	<u>592,101</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(2,094,493)	(375,985)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(2,404,060)	2,012,145
FINANCING			
Issue of equity share capital		59	–
Share premium on issue of equity share capital		99,935	–
Increase in bank loans		1,705,149	145,936
Net inflow/(outflow) from other short-term creditors		16,112	(116,806)
Capital element of hire purchase		91,780	9,402
Net (outflow)/inflow from other long-term creditors		<u>(16,112)</u>	<u>116,806</u>
NET CASH INFLOW FROM FINANCING		1,896,923	155,338
(DECREASE)/INCREASE IN CASH		<u>(507,137)</u>	<u>2,167,483</u>

The notes on pages 11 to 24 form part of these financial statements.

JAMES BOWERS EDUCATION LIMITED

GROUP CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2008

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	1,446,742	1,027,220
Amortisation	60,350	514,522
Depreciation	603,130	544,683
Loss/(Profit) on disposal of fixed assets	13,175	(68,246)
Decrease/(increase) in stocks	2,766	(3,477)
Increase in debtors	(2,032,858)	(490,541)
Increase in creditors	224,236	1,317,170
Net cash inflow from operating activities	<u>317,541</u>	<u>2,841,331</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
(Decrease)/increase in cash in the period	(507,137)	2,167,483
Net cash (inflow) from bank loans	(1,705,149)	(145,936)
Net (inflow) from/outflow from other short-term creditors	(16,112)	116,806
Cash outflow in respect of hire purchase	(91,780)	(9,402)
Net cash outflow from/(inflow) from other long-term creditors	<u>16,112</u>	<u>(116,806)</u>
	(2,304,066)	2,012,145
Change in net debt	(2,304,066)	2,012,145
Net debt at 1 September 2007	(2,592,255)	(4,604,400)
Net debt at 31 August 2008	<u>(4,896,321)</u>	<u>(2,592,255)</u>

The notes on pages 11 to 24 form part of these financial statements.

JAMES BOWERS EDUCATION LIMITED

GROUP CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2008

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Sep 2007 £	Cash flows £	At 31 Aug 2008 £
Net cash:			
Cash in hand and at bank	<u>2,121,922</u>	<u>(507,137)</u>	<u>1,614,785</u>
Debt:			
Debt due within 1 year	(1,093,553)	349,335	(744,218)
Debt due after 1 year	(3,146,984)	(2,054,484)	(5,201,468)
Hire purchase agreements	<u>(473,640)</u>	<u>(91,780)</u>	<u>(565,420)</u>
	<u>(4,714,177)</u>	<u>(1,796,929)</u>	<u>(6,511,106)</u>
Net debt	<u>(2,592,255)</u>	<u>(2,304,066)</u>	<u>(4,896,321)</u>

The notes on pages 11 to 24 form part of these financial statements.

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the year.

Development costs

Development expenditure which has been capitalised and deferred to future periods relates to work undertaken at new locations in order to expand the Company's operations.

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:

Goodwill	- 5% straight line
----------	--------------------

Fixed assets

All fixed assets are initially recorded at cost.

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
Leasehold Property	- 10% straight line
Fixtures & Fittings	- 25% reducing balance
Motor Vehicles	- 25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

1. ACCOUNTING POLICIES *(continued)*

Stocks

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

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.

Pension costs

The Company contributes to the personal pension schemes of certain employees. The contributions payable by the Company are charged to the profit and loss account in the year to which they relate.

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.

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.

2. TURNOVER

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

	2008 £	2007 £
United Kingdom	<u>17,216,262</u>	<u>16,130,106</u>

3. OTHER OPERATING INCOME

	2008 £	2007 £
Other operating income	<u>12,990</u>	<u>15,712</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008	2007
	£	£
Amortisation	60,350	514,522
Depreciation of owned fixed assets	483,318	445,620
Depreciation of assets held under hire purchase agreements	119,812	99,063
Loss/(Profit) on disposal of fixed assets	13,175	(68,246)
Auditor's remuneration		
- as auditor	24,652	19,033
Operating lease costs:		
Other	35,850	171,302
Land and buildings	<u>401,232</u>	<u>573,142</u>

5. PARTICULARS OF EMPLOYEES

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

	2008	2007
	No	No
Teachers and Assistants	170	155
Care Workers	138	143
Ancillary Staff	52	52
Administration and Other Staff	61	55
	<u>421</u>	<u>405</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	9,693,824	9,009,377
Social security costs	936,642	837,812
Other pension costs	577,161	496,515
	<u>11,207,627</u>	<u>10,343,704</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	<u>314,207</u>	<u>331,454</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

6. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	333,472	268,712
Finance charges	34,824	32,855
Other similar charges payable	<u>9,254</u>	<u>26,777</u>
	<u>377,550</u>	<u>328,344</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 29.16% (2007 - 30%)	405,298	273,319
(Over)/under provision in prior year	<u>40,443</u>	<u>13,493</u>
Total current tax	445,741	286,812
Deferred tax:		
Origination and reversal of timing differences (note 20)		
Capital allowances	(4,500)	11,000
Short-term timing differences	<u>-</u>	<u>(4,000)</u>
Total deferred tax (note 20)	(4,500)	7,000
Tax on profit on ordinary activities	<u>441,241</u>	<u>293,812</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 29.16% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>1,140,735</u>	<u>731,907</u>
Profit on ordinary activities by rate of tax	332,638	219,572
Disallowable expenses	109,154	87,326
Changes in accelerated capital allowances	4,500	(11,500)
Income not subject to UK tax	(4,421)	(21,392)
Marginal relief available	(6,537)	(4,791)
Other timing differences	-	4,500
Over/under provision for prior years	18,443	13,493
Sundry tax adjusting items	<u>(8,036)</u>	<u>(396)</u>
Total current tax (note 8(a))	<u>445,741</u>	<u>286,812</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £767,240 (2007 - £441,499).

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Development costs £	Total £
COST			
At 1 September 2007 and 31 August 2008	<u>1,203,303</u>	<u>716,750</u>	<u>1,920,053</u>
AMORTISATION			
At 1 September 2007	334,329	716,750	1,051,079
Charge for the year	60,350	-	60,350
At 31 August 2008	<u>394,679</u>	<u>716,750</u>	<u>1,111,429</u>
NET BOOK VALUE			
At 31 August 2008	<u>808,624</u>	-	<u>808,624</u>
At 31 August 2007	<u>868,974</u>	-	<u>868,974</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

10. INTANGIBLE FIXED ASSETS *(continued)*

Company	Goodwill £	Development costs £	Total £
COST			
At 1 September 2007 and 31 August 2008	<u>419,997</u>	<u>23,538</u>	<u>443,535</u>
AMORTISATION			
At 1 September 2007	7,000	23,538	30,538
Charge for the year	<u>21,000</u>	<u>—</u>	<u>21,000</u>
At 31 August 2008	<u>28,000</u>	<u>23,538</u>	<u>51,538</u>
NET BOOK VALUE			
At 31 August 2008	<u>391,997</u>	<u>—</u>	<u>391,997</u>
At 31 August 2007	<u>412,997</u>	<u>—</u>	<u>412,997</u>

11. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 September 2007	6,287,805	2,895,737	815,548	9,999,090
Additions	1,413,429	705,999	449,316	2,568,744
Disposals	<u>(387,270)</u>	<u>(5,000)</u>	<u>(267,950)</u>	<u>(660,220)</u>
At 31 August 2008	<u>7,313,964</u>	<u>3,596,736</u>	<u>996,914</u>	<u>11,907,614</u>
DEPRECIATION				
At 1 September 2007	760,282	1,317,378	262,189	2,339,849
Charge for the year	182,501	264,795	155,834	603,130
On disposals	<u>(17,427)</u>	<u>(1,523)</u>	<u>(153,844)</u>	<u>(172,794)</u>
At 31 August 2008	<u>925,356</u>	<u>1,580,650</u>	<u>264,179</u>	<u>2,770,185</u>
NET BOOK VALUE				
At 31 August 2008	<u>6,388,608</u>	<u>2,016,086</u>	<u>732,735</u>	<u>9,137,429</u>
At 31 August 2007	<u>5,527,523</u>	<u>1,578,359</u>	<u>553,359</u>	<u>7,659,241</u>

Hire purchase agreements

Included within the net book value of £9,137,429 is £552,158 (2007 - £405,621) 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 £119,812 (2007 - £99,063).

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

11. TANGIBLE FIXED ASSETS *(continued)*

Capital commitments

	2008 £	2007 £
Contracted but not provided for in the financial statements	-	-

Company

	Freehold & Leasehold Property £	Fixtures & Fittings £	Total £
COST OR VALUATION			
At 1 September 2007	4,888,276	89,099	4,977,375
Additions	941,094	418,335	1,359,429
Disposals	(387,270)	(5,000)	(392,270)
At 31 August 2008	5,442,100	502,434	5,944,534
DEPRECIATION			
At 1 September 2007	453,495	44,013	497,508
Charge for the year	109,441	34,867	144,308
On disposals	(17,427)	(1,523)	(18,950)
At 31 August 2008	545,509	77,357	622,866
NET BOOK VALUE			
At 31 August 2008	4,896,591	425,077	5,321,668
At 31 August 2007	4,434,781	45,086	4,479,867

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

11. TANGIBLE FIXED ASSETS *(continued)*

The net book value of Freehold and Leasehold Property at 31 August 2008 comprises freehold property amounting to £4,579,093 and short leasehold property improvements amounting to £317,498.

Freehold property at 31st August 2008 includes property stated as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
At valuation	1,200,000	1,200,000	1,200,000	1,200,000
At cost	4,084,924	3,531,110	3,759,254	3,205,430
	<u>5,284,924</u>	<u>4,731,110</u>	<u>4,959,254</u>	<u>4,405,430</u>

If freehold property had not been revalued, the comparable amounts determined according to the historical cost convention would have been:

	2008	2007
	£	£
At cost	664,714	664,714
Less: Accumulated depreciation	93,058	79,764
	<u>571,656</u>	<u>744,478</u>

Freehold property was revalued on 31st August 2001 at open market value by the Company director. The director is not aware of any significant change in the market value as at 31st August 2008.

12. INVESTMENTS

Company	Group companies
	£
COST	
At 1 September 2007 and 31 August 2008	<u>550,139</u>
NET BOOK VALUE	
At 31 August 2008	<u>550,139</u>
At 31 August 2007	<u>550,139</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

12. INVESTMENTS *(continued)*

The company has a direct 100% holding in Witherslack Group of Schools Limited which is incorporated in England and which acts as an intermediary holding company providing management services to the following wholly-owned subsidiary companies:-

- Cedar House School and Lowgate House Limited
- Witherslack Hall School Limited
- Pontville School Limited
- Lakeside School Limited
- Witherslack Group of Schools (South) Limited
- Cumberland and Westmorland Schools Limited

All of the above companies are incorporated in England and their principal activities consist of the provision of residential education and care of children with special needs.

The company also has a direct 100% holding in JBE Training and Development Limited and Witherslack Care and Education Initiatives limited both of which are incorporated in England. The principal activity of these subsidiaries are:- JBE Training and Development Limited - training and development of adults engaged in the education and care sectors. Witherslack Care and Education Initiatives Limited - provision of care facilities for children with special needs.

13. STOCKS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Stock	<u>16,427</u>	<u>19,193</u>	<u>—</u>	<u>—</u>

14. DEBTORS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	1,054,812	798,164	—	—
Amounts owed by group undertakings	—	—	666,969	477,247
VAT recoverable	32,004	25,588	—	—
Section 419 tax recoverable	15,898	25,142	13,402	22,646
Other debtors	68,039	78,338	—	—
Directors current accounts	2,006,557	180,689	2,006,557	180,689
Prepayments and accrued income	125,276	161,807	43,081	36,722
	<u>3,302,586</u>	<u>1,269,728</u>	<u>2,730,009</u>	<u>717,304</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	699,912	1,065,359	683,658	654,327
Trade creditors	398,043	440,066	52,371	–
Amounts owed to group undertakings	–	–	1,220,081	1,158,898
Hire purchase agreements	236,587	279,220	–	–
Other creditors including taxation and social security:				
Section 419 tax payable	–	9,244	–	9,244
Corporation tax	405,358	271,474	42,416	110,673
PAYE and social security	256,232	250,400	7,483	7,635
Other creditors	20,726	126,677	6,006	125,000
Other loans	44,306	28,194	44,306	28,194
Accruals and deferred income	5,721,210	5,354,832	95,198	73,421
	<u>7,782,374</u>	<u>7,825,466</u>	<u>2,151,519</u>	<u>2,167,392</u>

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	<u>699,912</u>	<u>1,065,359</u>	<u>–</u>	<u>–</u>

The bank loans are secured by a first legal charge over the properties of the Company together with guarantees and debentures from its subsidiary companies and by charges over personal assets of the director.

16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	5,100,774	3,030,178	4,942,676	2,853,366
Hire purchase agreements	328,833	194,420	–	–
Other creditors including:				
Other loans	<u>100,694</u>	<u>116,806</u>	<u>100,694</u>	<u>116,806</u>
	<u>5,530,301</u>	<u>3,341,404</u>	<u>5,043,370</u>	<u>2,970,172</u>

Bank loans included within Creditors Amounts falling due after more than one year are repayable by instalments.

Included within the above Group amounts are £2,664,014 (2007 - £1,675,160) relating to bank loans which fall due for repayment after more than five years.

The bank loans bear interest at 2.0% and 2.5% over bank base rate and are repayable over periods of 5 and 12 years from the initial drawdown.

Details of the security for the bank loans and loan notes are disclosed in note 15.

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

17. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	980,805	1,016,857	727,964	654,327
In more than one year but not more than two years	1,194,657	465,735	848,310	452,102
In more than two years but not more than five years	1,671,630	889,283	1,610,516	841,712
In more than five years	2,664,014	1,675,160	2,584,544	1,559,552
	<u>6,511,106</u>	<u>4,047,035</u>	<u>5,771,334</u>	<u>3,507,693</u>

18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts payable within 1 year	263,273	308,359	-	-
Amounts payable between 1 and 2 years	194,957	140,402	-	-
Amounts payable between 3 and 5 years	187,444	72,086	-	-
	<u>645,674</u>	<u>520,847</u>	<u>-</u>	<u>-</u>
Less interest and finance charges relating to future periods	(80,254)	(47,207)	-	-
	<u>565,420</u>	<u>473,640</u>	<u>-</u>	<u>-</u>

19. PENSIONS

(i) The group company has established a Self-Administered Pension Fund providing benefits to its director and specified senior managers. The assets of the scheme are held separately from those of the group. During the year ended 31st August 2008 the group made defined contributions to the scheme amounting to £nil (2007 - £nil).

(ii) The group also makes contributions to employees personal pension plans. Contributions payable during the year amounted to £577,161 (2007 - £496,515). Unpaid contributions at 31 August 2008 amounted to £3,108 (2007 - £nil).

20. DEFERRED TAXATION

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Provision brought forward	234,500	227,500	-	8,000
(Decrease)/Increase in provision	(4,500)	7,000	-	(8,000)
Provision carried forward	<u>230,000</u>	<u>234,500</u>	<u>-</u>	<u>-</u>

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

20. DEFERRED TAXATION *(continued)*

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	236,500	-	241,000	-
Short-term timing differences	(6,500)	-	(6,500)	-
Capital gains tax rolled over	-	(235,000)	-	(252,000)
	<u>230,000</u>	<u>(235,000)</u>	<u>234,500</u>	<u>(252,000)</u>

The elements of the company's deferred taxation, which result in a nil balance at the end of the year, together with details of other amounts not provided for, are as follows:

Company	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	6,500	-	6,500	-
Short-term timing differences	(6,500)	-	(6,500)	-
Capital gains tax rolled over	-	(235,000)	-	(252,000)
	<u>-</u>	<u>(235,000)</u>	<u>-</u>	<u>(252,000)</u>

21. COMMITMENTS UNDER OPERATING LEASES

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

Group	Land and buildings	
	2008 £	2007 £
Operating leases which expire:		
After more than 5 years	<u>322,792</u>	<u>253,942</u>

22. CONTINGENCIES

The company has provided a cross guarantee to its bankers in order to secure the bank borrowings of group companies. At 31st August 2008 the guarantees provided by the company under this agreement amounted to £260,774 (2007 - £539,342).

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

23. RELATED PARTY TRANSACTIONS

(i) The group was under the control of J F Bowers throughout the current and previous year. J F Bowers is the managing director and majority shareholder.

During the year the group made loans to Mr J F Bowers amounting to £2,006,557 (2007 - £180,689) which were outstanding at 31 August 2008 and which are included in Debtors in Note 14 to these financial statements. This was the maximum amount outstanding during the year. The overdrawn current account is interest-free.

(ii) During the year the group paid rent amounting to £37,600 (2007 - £37,600) to Mr C G Mills, a Director of the Company, for the use of property. The rent was paid on normal commercial terms and no amount was outstanding by the group at the end of the year.

(iii) During the year the group paid professional fees for business advice amounting to £163,521 (2007 - £102,866) to Philip Jones Consulting Ltd a business which is under the control of Mr P D Jones, a director of the company. These fees were paid on normal commercial terms. At 31 August 2008 the group has outstanding liabilities to Philip Jones Consulting Ltd amounting to £25,981 (2007 - £nil).

(iv) At 31 August 2008 the group was indebted to the James Bowers Education Limited (2002) Pension Fund by an amount of £145,000 (2007 - £145,000) which amount is included within Other Loans in Notes 15 and 16 to these financial statements. Interest charged on this loan during the year amounted to £9,244 (2007 - £10,185). The loan bears interest at 3% over base rate.

24. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
500,000 Ordinary shares of £0.01 each	<u>5,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £0.01 each	<u>105,882</u>	<u>1,059</u>	<u>100,000</u>	<u>1,000</u>

During the year 5882 Ordinary shares of £0.01 each were allotted to shareholders for a total consideration amounting to £99,994.

JAMES BOWERS EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2008

25. RESERVES

Group	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	–	471,047	65,641
Profit for the year	–	–	699,494
Other movements			
New equity share capital subscribed	99,935	–	–
- transfer to/from revaluation reserve	–	(10,706)	10,706
Balance carried forward	<u>99,935</u>	<u>460,341</u>	<u>775,841</u>

Company	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	–	471,047	562,404
Profit for the year	–	–	767,240
Other movements			
New equity share capital subscribed	99,935	–	–
- transfer to/from revaluation reserve	–	(10,706)	10,706
Balance carried forward	<u>99,935</u>	<u>460,341</u>	<u>1,340,350</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year		438,095
New equity share capital subscribed	59	–
Premium on new share capital subscribed	<u>99,935</u>	–
	99,994	
Transfer from revaluation reserve	10,706	39,047
Transfer to profit and loss account	<u>(10,706)</u>	<u>(39,047)</u>
Net addition to shareholders' funds	799,488	438,095
Opening shareholders' funds	<u>537,688</u>	<u>99,593</u>
Closing shareholders' funds	<u>1,337,176</u>	<u>537,688</u>