

PEEP LEARNING LIMITED
FINANCIAL STATEMENTS
FOR
31ST MARCH 2004



MERCER LEWIN
Chartered Accountants & Registered Auditors
41 Cornmarket Street
Oxford
OX1 3HA

PEEP LEARNING LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 31ST MARCH 2004**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the sale and distribution of educational literature.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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 £1 each	
		At	At
		31 March 2004	1 April 2003 or later date of appointment
Martin Roberts		—	—
Alison Street	(Appointed 13 April 2003)	—	—
Barry Dean	(Appointed 30 April 2003)	—	—
Ralph Molland	(Resigned 22 March 2004)	—	—
David Crowe	(Resigned 3 May 2003)	—	—

AUDITORS

A resolution to re-appoint Mercer Lewin as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
The PEEP Offices
Peers School
Sandy Lane West
Littlemore
Oxford
OX4 6JZ

Signed by order of the directors



Lesley Sanderson
Company Secretary

Approved by the directors on 29th September 2004

PEEP LEARNING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST MARCH 2004

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

PEEP LEARNING LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PEEP LEARNING LIMITED****YEAR ENDED 31ST MARCH 2004**

We have audited the financial statements of PEEP Learning Limited for the year ended 31st March 2004 on pages 5 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 7.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the 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 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.

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.

PEEP LEARNING LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PEEP LEARNING LIMITED *(continued)***

YEAR ENDED 31ST MARCH 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MERCER LEWIN
Chartered Accountants
& Registered Auditors

41 Cornmarket Street
Oxford
OX1 3HA

1st December 2004

PEEP LEARNING LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2004

	Note	2004 £	2003 £
TURNOVER		189,868	207,900
Cost of sales		<u>112,085</u>	<u>95,443</u>
GROSS PROFIT		77,783	112,457
Administrative expenses		<u>68,509</u>	<u>57,889</u>
OPERATING PROFIT	2	9,274	54,568
Interest receivable and similar income		646	174
Interest payable and similar charges		(31)	(56)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,889	54,686
Tax on profit on ordinary activities	3	—	7,510
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,889	47,176
Balance brought forward		66,778	34,602
Gift aid to PEEP		<u>(10,000)</u>	<u>(15,000)</u>
Balance carried forward		<u>66,667</u>	<u>66,778</u>

The notes on pages 7 to 9 form part of these financial statements.

PEEP LEARNING LIMITED**BALANCE SHEET****31ST MARCH 2004**

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	4	41,800	54,141
CURRENT ASSETS			
Stocks		35,014	32,602
Debtors	5	71,722	22,772
Cash at bank and in hand		6,501	47,694
		<u>113,237</u>	<u>103,068</u>
CREDITORS: Amounts falling due within one year	6	<u>53,786</u>	<u>49,104</u>
NET CURRENT ASSETS		<u>59,451</u>	<u>53,964</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>101,251</u>	<u>108,105</u>
CREDITORS: Amounts falling due after more than one year	7	<u>34,582</u>	<u>41,325</u>
		<u>66,669</u>	<u>66,780</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	2	2
Profit and loss account		66,667	66,778
SHAREHOLDERS' FUNDS		<u>66,669</u>	<u>66,780</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 29th September 2004 and are signed on their behalf by:



Martin Roberts

PEEP LEARNING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2004****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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	- 10 years
Fixtures & Fittings	- 3 years
Equipment	- 3 years

Stocks

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

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2004 £	2003 £
Directors' emoluments	—	—
Amortisation of government grants re fixed assets	(9,786)	(9,786)
Depreciation of owned fixed assets	<u>12,341</u>	<u>12,334</u>

3. TAXATION ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at —% (2003 - 18.04%)	—	7,510
Total current tax	<u>—</u>	<u>7,510</u>

PEEP LEARNING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2004****4. TANGIBLE FIXED ASSETS**

	Freehold Property £	Fixtures & Fittings £	Office Equipment £	Total £
COST				
At 1st April 2003 and 31st March 2004	<u>61,606</u>	<u>7,313</u>	<u>9,128</u>	<u>78,047</u>
DEPRECIATION				
At 1st April 2003	12,946	4,875	6,085	23,906
Charge for the year	<u>6,866</u>	<u>2,433</u>	<u>3,042</u>	<u>12,341</u>
At 31st March 2004	<u>19,812</u>	<u>7,308</u>	<u>9,127</u>	<u>36,247</u>
NET BOOK VALUE				
At 31st March 2004	<u>41,794</u>	<u>5</u>	<u>1</u>	<u>41,800</u>
At 31st March 2003	<u>48,660</u>	<u>2,438</u>	<u>3,043</u>	<u>54,141</u>

5. DEBTORS

	2004 £	2003 £
Trade debtors	54,080	22,772
Amounts owed by group undertakings	<u>17,642</u>	<u>—</u>
	<u>71,722</u>	<u>22,772</u>

6. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	1,466	7,209
Amounts owed to group undertakings	—	18,782
Other creditors including taxation:		
Corporation tax	—	7,510
VAT	8,292	1,916
Accruals and deferred income	<u>44,028</u>	<u>13,687</u>
	<u>52,320</u>	<u>23,113</u>
	<u>53,786</u>	<u>49,104</u>

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

	2004 £	2003 £
Other creditors including:		
Accruals and deferred income	<u>34,582</u>	<u>41,325</u>

PEEP LEARNING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST MARCH 2004****8. RELATED PARTY TRANSACTIONS**

PEEP, a registered charity, is the ultimate controlling party, which owns 100% of the shares.

The company made sales in the year of £22,179 (2003: £22,181) to PEEP. These accounts provide for a payment to PEEP under gift aid of £10,000 (2003: £15,000).

9. SHARE CAPITAL**Authorised share capital:**

	2004	2003
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>