

# **Protocol Education Services Limited**

*Registered Number: 4103316*

## **Directors' Report and Accounts**

**Year ended 30 June 2008**

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The directors submit their report and the unaudited financial statements of the company for the year ended 30 June 2008.

***Principal activity, review of business and future developments***

During the year the company has not traded, has not incurred any liabilities and consequently made neither a profit nor a loss and will not trade in the future.

***Holding company support***

Protocol Associates NV, the Protocol group holding company, has agreed to support the company for the foreseeable future.

***Directors***

The directors of the company who held office during the year and subsequently were:

G Stevens (resigned 31 December 2007)

S Burgess (resigned 4 September 2008)

D Lewis (appointed 29 November 2007)

M Kelly (appointed 9 December 2008)

***Financial Risk Management***

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The director's monitor any risk considered to be significant to the company and establish appropriate risk management policies.

The only risk deemed to be significant that is monitored and controlled at a company level is credit risk. The company has implemented policies that require appropriate credit checks on potential customers before sales are made, and then ongoing controls to monitor customer debt against approved credit limits.

Liquidity risk and interest rate risk are managed at group level as the company is part of a group pooling arrangement and is funded through intercompany balances with entities that carry the group's external debt. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

***Auditors***

The directors have relied upon the provisions of Sections 249AA and 388A of the Companies Act 1985 and have resolved not to appoint auditors.

***Statement of directors' responsibilities in respect of the Annual Report and the financial statements***

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

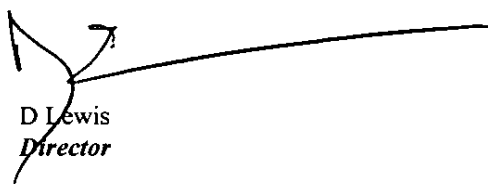
In preparing those financial statements, the directors are required to:

- 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The business continues to review its ongoing banking arrangements as referred to in the basis of preparation in Note 1 of the accounts. The directors are of the opinion it is appropriate to prepare the financial statements on a going concern basis.

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.

By Order of the Board  
23 April 2009



D Lewis  
*Director*

**Balance sheet as at 30 June 2008***Page 3*

	<i>Note</i>	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
<b>Current assets</b>			
Debtors	3	113	113
<b>Net assets</b>		<b>113</b>	<b>113</b>
<b>Capital and reserves</b>			
Called up share capital	4	-	-
Profit and loss account		113	113
<b>Equity shareholders' funds</b>		<b>113</b>	<b>113</b>

For the year ended 30 June 2008 the company was entitled to the exemption under Section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with Section 249(B)(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with Section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

*Approved by the Board*  
23 April 2009

  
M Kelly  
**Director**

The notes on page 4 and 5 form part of these financial statements.

## **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

### ***Accounting convention and cash flow statement***

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom, all of which have been applied consistently throughout the year and the preceding year. Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard 18 (FRS 18) Accounting Policies.

The company is exempt from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Protocol Associates NV, a company registered in Belgium which prepares consolidated accounts which are publicly available. In addition the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) Cashflow Statements for the same reason.

### ***Basis of preparation***

As in the previous year the group continues to be in breach of certain banking covenants. Significant debt was repaid to the bank by the Group in September 2007 following the sale of the entire share capital of Protocol Skills Limited. Revised facilities have since been agreed with the bank which are due for repayment in April 2010. Neither the directors nor the bank envisage any reason why despite known and expected covenant breaches the facilities will not remain in place until 30 April 2010. The directors anticipate that an extension to these facilities, if required, will be made available to the group at this time.

In previous years the directors have stated that a review by HMRC of the VAT status of Education Lecturing Services (limited by guarantee), a fellow group company, had found in the company's favour and there was no longer a material risk for the Group. Education Lecturing Services adopted an alternative basis for accounting for VAT and the directors are of the view that VAT legislation has been correctly applied and the risk of further reviews being successfully pursued by HMRC is low. Therefore no additional provisions for VAT liabilities are considered necessary.

The financial statements have therefore been prepared by the directors on a going concern basis which assumes the continued support of the group's bankers by way of existing loan and overdraft facilities. In the absence of this assumption, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

The group holding company has agreed to support the company for its foreseeable future.

## **2 Employees**

The average number of persons (all directors) employed by the company during the year was 2 (2007: 2).

The total emoluments of the directors, including pension contributions was £nil (2007: £nil).

The directors emoluments in respect of services to the company for the year ended 30 June 2008 are borne by Protocol Systems Limited, another group company, and their emoluments are shown in the financial statements of that company. Copies of these financial statements can be obtained from the Company Secretary, Castle Marina Road, Castle Marina Park, Nottingham, NG7 1TN. The directors receive no emoluments for services to this company.

**3 Debtors**

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Amounts due from group undertakings	113	113

**4 Share capital**

	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
<b>Authorised</b>		
Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	2	2

**5 Contingent liabilities**

The group, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of subsidiary companies. The maximum liability under the guarantee is limited to the credit balances in those accounts which totals £37,339,000 at 30 June 2008 (2007: £32,951,000) which are part of the interest set-off arrangement together with the proceeds of any items in the course of collection for the credit of such bank accounts.

Bank debt held by the group is secured by fixed and floating charges across the undertakings of the group. Significant repayments of this bank debt are due in April 2010.

The VAT position of the Group is necessarily complex as a result of the sectors in which it operates. The existing VAT status of Protocol National Limited, a fellow group company, has been confirmed by HMRC. The VAT status of Education Lecturing Services (limited by guarantee) was withdrawn and an alternative basis was adopted which allows for the charging of services without material levels of VAT being applied. The directors are of the view that VAT legislation has been correctly applied and the risk of further reviews being successfully pursued by HMRC is low. Therefore no additional provisions for VAT liabilities are considered necessary.

**6 Ultimate parent company**

The company's entire issued share capital is owned by ELS Group Limited. This company is the immediate parent undertaking.

Protocol Associates NV is the smallest and largest group to consolidate these financial statements. Protocol Associates NV is registered in the European Union. Copies of the group financial statements can be obtained from the Company Secretary, Castle Marina Road, Castle Marina Park, Nottingham, NG7 1TN.

Bridgepoint Capital (Nominees) Limited have a majority shareholding in Protocol Associates NV. This shareholding is for the benefit of a number of investment vehicles managed by Bridgepoint Capital Limited. In the opinion of the directors there is no ultimate controlling party. Copies of the financial statements of these companies are available at their registered office at 30 Warwick Street, London, W1B 5AL.