

Interactive Learning Limited
Financial Statements
For the year ended
31 August 2007



Company No. 4299463

Interactive Learning Limited

Financial Statements

Year ended 31 August 2007

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Interactive Learning Limited

Officers and Professional Advisers

The board of directors

David Holmes
Terence Archer
Nicholas Weller
Anthony Edward Hosker

Company secretary

Terence Archer

Registered office

Ripley Street
Bradford
West Yorks
BD5 7RR

Auditor

Horwath Clark Whitehill (Yorkshire) LLP
Chartered Accountants
& Registered Auditors
Pelican House
10 Currer Street
Bradford
BD1 5BA

Bankers

HSBC Bank plc
47 Market Street
Bradford
BD1 1LW

Solicitors

Cobbetts Solicitors
Trafalgar House
29 Park Place
Leeds
LS1 2SP

Interactive Learning Limited

Directors' Report

Year ended 31 August 2007

The directors present their report and the financial statements of the company for the year ended 31 August 2007

Principal activities and business review

The principal activity of the company during the year was the production of interactive educational CDs and student assessment software

For the year ended 31 August 2007 the Directors are satisfied with the results achieved. The company is gift-aiding £nil (2006 £Nil) to the parent company, Dixons City Academy Charitable Trust in respect of the year

Directors

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

Sir John Lewis	Resigned 17 November 2006
David Holmes	
Terence Archer	
Nicholas Weller	
Anthony Edward Hosker	

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 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

Interactive Learning Limited

Directors' Report *(continued)*

Year ended 31 August 2007

In so far as the directors are aware

there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

Auditor

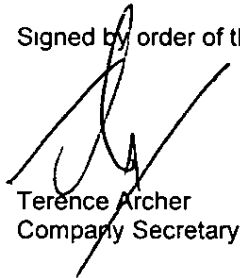
A resolution to re-appoint Horwath Clark Whitehill (Yorkshire) LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

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
Ripley Street
Bradford
West Yorks
BD5 7RR

Signed by order of the directors



Terence Archer
Company Secretary

13 December 2007

Independent Auditor's Report to the Shareholder of Interactive Learning Limited

We have audited the financial statements of Interactive Learning Limited for the year ended 31 August 2007 on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9

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

Respective responsibilities of directors and auditor

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 (United Kingdom Generally Accepted Accounting Practice).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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.

**Independent Auditor's Report to the Shareholder of
Interactive Learning Limited** *(continued)*

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 August 2007 and of its loss for the year then ended and 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

Horwath Clark Whitehill (Yorkshire) LLP

Bradford
13 December 2007

**HORWATH CLARK WHITEHILL
(YORKSHIRE) LLP**
Chartered Accountants
& Registered Auditors

Interactive Learning Limited

Profit and Loss Account

Year ended 31 August 2007

	Note	2007 £	2006 £
Turnover		247,962	163,092
Administrative expenses		283,831	253,398
Operating (loss)/profit	2	(35,869)	(90,306)
Interest receivable		206	1,167
Interest payable and similar charges		(6,482)	(4,357)
(Loss)/profit on ordinary activities before taxation		(42,145)	(93,496)
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit for the financial year		(42,145)	(93,496)

The notes on pages 8 to 12 form part of these financial statements

Interactive Learning Limited

Balance Sheet

31 August 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	4	<u>2,226</u>	<u>7,470</u>
Current assets			
Debtors	5	60,910	22,513
Cash at bank		<u>51,937</u>	<u>18,926</u>
		112,847	41,439
Creditors: Amounts falling due within one year	6	<u>135,658</u>	<u>58,688</u>
Net current (liabilities)/assets		(22,811)	(17,249)
Total assets less current liabilities		<u>(20,585)</u>	<u>(9,779)</u>
Creditors: Amounts falling due after more than one year	7	79,653	48,314
		<u>(100,268)</u>	<u>(58,093)</u>
Provisions for liabilities			
Deferred taxation	8	762	762
		<u>(101,000)</u>	<u>(58,855)</u>
Capital and reserves			
Called-up equity share capital	11	99	99
Profit and loss account	12	(101,099)	(58,954)
(Deficit)/shareholder's funds		<u>(101,000)</u>	<u>(58,855)</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 January 2005)

These financial statements were approved by the directors on the 13 December 2007 and are signed on their behalf by

David Holmes
Director



The notes on pages 8 to 12 form part of these financial statements

Interactive Learning Limited

Notes to the Financial Statements

Year ended 31 August 2007

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 January 2005)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax recognised over the period to which the service related in accordance with FRS 5 "Reporting the Substance of Transactions" Application Note G.

Government assistance income is recognised to match progress in related initiatives.

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:

Equipment - 33% straight line

Software purchased independently of computers is written off in year of purchase.

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

In line with the parent undertaking, employees were offered membership of a defined contribution pension scheme up to 31 August 2005. With effect from 1 September 2005 the above was replaced by The West Yorkshire Pension Scheme, a defined benefit final salary scheme. The pension costs in the accounts of the company reflect the recharges made by Dixons City Academy Charitable Trust for this company's share of the contributions payable under the final salary scheme in this year and the defined contribution scheme in the prior year.

Full details of the group pension scheme liability in respect of the defined benefit final salary scheme are given in the consolidated accounts of Dixons City Academy Charitable Trust.

Interactive Learning Limited

Notes to the Financial Statements

Year ended 31 August 2007

1. Accounting policies *(continued)*

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Gift aid

Gift Aid payments made by the company to the parent are included in administration expenses

Development costs

Development costs are expensed as incurred as revenue to be generated in future periods can not be established with reasonable certainty

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging

	2007 £	2006 £
Staff pension contributions	14,868	10,868
Depreciation of owned fixed assets	5,244	5,234
Auditor's fees	2,400	1,505

Interactive Learning Limited
Notes to the Financial Statements
Year ended 31 August 2007

3 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Aggregate emoluments	<u>40,510</u>	<u>40,552</u>

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

	2007	2006
	No	No
Money purchase schemes	—	—
Defined benefit schemes	<u>1</u>	<u>1</u>

4 Tangible fixed assets

	Equipment
	£
Cost	
At 1 September 2006 and 31 August 2007	<u>15,701</u>
Depreciation	
At 1 September 2006	8,231
Charge for the year	<u>5,244</u>
At 31 August 2007	<u>13,475</u>
Net book value	
At 31 August 2007	<u>2,226</u>
At 31 August 2006	<u>7,470</u>

5 Debtors

	2007	2006
	£	£
Trade debtors	59,616	20,303
Amounts owed by group undertakings	162	—
Other debtors	<u>1,133</u>	<u>2,210</u>
	<u>60,911</u>	<u>22,513</u>

Interactive Learning Limited
Notes to the Financial Statements
Year ended 31 August 2007

6. Creditors Amounts falling due within one year

	2007 £	2006 £
Trade creditors	1,658	1,768
Amounts owed to group undertakings	109,722	49,336
Other taxation	15,353	5,141
Other creditors	8,947	2,443
	<u>135,680</u>	<u>58,688</u>

7 Creditors Amounts falling due after more than one year

	2007 £	2006 £
Amounts owed to group undertakings	<u>79,653</u>	<u>48,314</u>

8 Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	762	762
	<u>762</u>	<u>762</u>

9 Commitments under operating leases

At 31 August 2007 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2007 £	2006 £
Operating leases which expire		
After more than 5 years	<u>-</u>	<u>-</u>

10. Related party transactions

As the company is 100% owned by Dixons City Academy Charitable Trust, the company qualifies for the exemption from disclosing transactions with other group companies. Consolidated accounts for the group are publicly available from Companies House.

Interactive Learning Limited
Notes to the Financial Statements
Year ended 31 August 2007

11 Share capital

Authorised share capital

	2007	2006
	£	£
99 Ordinary shares of £1 each	<u>99</u>	<u>99</u>

Allotted, called up and fully paid

	2007		2006
	No	£	No
			£
Ordinary shares of £1 each	<u>99</u>	<u>99</u>	<u>99</u>

12 Profit and loss account

	2007	2006
	£	£
Balance brought forward	(58,954)	34,542
(Loss)/profit for the financial year	(42,145)	(93,496)
Balance carried forward	<u>(101,099)</u>	<u>(58,954)</u>

13 Ultimate parent company

In the opinion of the directors the ultimate parent company is Dixons City Academy Charitable Trust