

Company Registration No. 5091695

INTERQUAD GROUP LIMITED

Report and Financial Statements

Period ended 3 June 2005



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INTERQUAD GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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INTERQUAD GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C J Martin FCA
M J Brooke
M S Hyams
J Kauffman
S P Fane

SECRETARY

M S Hyams

REGISTERED OFFICE

Rath House
466 Malton Avenue
Slough
Berkshire
SL1 4QU

BANKERS

Bank of Scotland
249 Silbury Boulevard
Milton Keynes
MK9 1NA

SOLICITORS

emw Law LLP
101 North 13th Street
Milton Keynes
MK9 3NX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

INTERQUAD GROUP LIMITED

CHAIRMAN'S STATEMENT

I am pleased to report another year of strong growth and progress for the InterQuad business. On 4 June 2004 a buyout of shareholders not active in the business was undertaken. This report is for the first 12 months trading of the new company, which was formed to effect the buyout.

Although the last few years in the technology and training markets have been difficult the business has nonetheless been able, during that period, to position itself well to take advantage of these markets as they improve. Once again a focus on quality and value has been at the forefront of our offer both in training and in the provision of software products. The benefits of our offer have been recognised by the market and the evidence of that is clear from the continuing high rate of growth that has been achieved.

We have significantly strengthened our position as a leading player in the UK IT Training market and we have developed a powerful IT software product portfolio in our Systems business.

The group has once again produced record increases in sales and profit growth.

InterQuad's strategy focuses on its four key stakeholders

- Delivering service excellence for customers
- Supporting and creating opportunities for our employees
- Providing competence and effectiveness to suppliers
- Building value for shareholders

Financial Highlights

Turnover was £35,509,176 and profit on ordinary activities before amortisation, interest and taxation was £2,555,989.

The group continues to be cash generative, with the net cash inflow from operating activities during the year being £4,706,714.

Valuing Our People

InterQuad's track record of delivery for customers, suppliers and shareholders comes from the skill and dedication of its staff. We have a dynamic, team-based culture concentrated on responding to customer needs and open and fair dealings.

As our business has grown in size, the number of people employed has increased and has also become more geographically spread. To respond to this, a process was instigated during the period to develop a set of values that would be common to all and which would guide the direction, behaviour and policy making of the business through the coming years. These values were developed by a representative group of employees after a survey of all staff.

The values are summarised here:

- Achievement of professional excellence
- Empowerment of the individual
- Continuous learning
- Opportunity for personal growth
- Success of our customers and staff
- Passion, pride and enthusiasm

These values describe who we are and provide benchmarks for all our behaviour and development.

INTERQUAD GROUP LIMITED

CHAIRMAN'S STATEMENT

I repeat the comments in my last report:

"Our people differentiate us in the market, it is their commitment to our customers that brings success. My thanks go to them for their dedication to InterQuad."

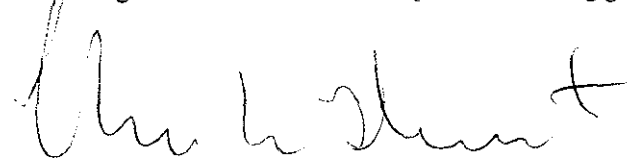
The group currently employs 343 people up from 225 at the end of 2003. We anticipate that this number will continue to grow.

Buyout

As stated above, on 4 June 2004 the holdings of non-active shareholders were bought out by a new company formed for that purpose. The new company subsequently changed its name to InterQuad Group Limited and its board comprises the senior managers of the business John Kauffman (Managing Director, InterQuad Learning), Mitchell Hyams (group Finance Director) and Sean Fane (Managing Director, InterQuad Systems) together with myself and Mike Brooke as Non-Executive Director. The buyout funding was provided by Bank of Scotland.

Outlook

InterQuad has achieved a great deal during this period and has put in place strong foundations for further growth. The company is centrally positioned to contribute to the need to increase skill levels in our knowledge-based economy. It will play its part fully by continuing to respond to customer needs and providing quality and value. In so doing we intend to ensure InterQuad's continuing growth and success.



Christian J Martin

Chairman

8 August 2005

INTERQUAD GROUP LIMITED

FINANCE DIRECTOR'S REPORT

Accounting Periods

Following the buyout referred to in the Chairman's Statement, the consolidated results are for the trading period of 52 weeks from 4 June 2004 to 3 June 2005.

As a result of the buyout there are no comparative results contained within the financial statements, although the underlying InterQuad business remains unchanged by the transaction.

Turnover and Deferred Income

The group has had a record year, earning revenues of £35,509,176 over the twelve month period.

The group's policy for revenue recognition reflects the requirements of FRS 5, the effect of which is to defer certain revenues over the relevant performance period. Accordingly, the group has £8,595,675 of deferred income relating to undelivered training which will be recognised as revenue over the next twelve months as that training is delivered.

Actual order intake growth was in excess of 50%.

These results clearly demonstrate that this has been a period of significant underlying growth for the business.

Operating Results and Cash Flow

The group enjoyed a year of significant progress with Profit on ordinary activities before amortisation, interest and taxation of £2,555,989.

The group is cash generative, and net cash inflow from operating activities was £4,706,714.

It should be noted that the divergence between reported profits and cash generated from operations, arises mainly due to the effects of the revenue recognition policy described above.

The closing cash at bank was £2,105,787.

Foreign Currency

The group limits its foreign currency exposure through forward foreign currency purchase contracts, which are matched to committed business requirements.

Central Support

The operating businesses enjoy the benefits of a shared central support function, which includes the Finance and MIS teams.

The success the group is enjoying could not be achieved without the commitment, dedication and professionalism of our Central Support people, and my sincere thanks go to them.



Mitchell S Hyams

Group Finance Director

8 August 2005

INTERQUAD GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from incorporation on 2 April 2004 to 3 June 2005. During the period from 2 April 2004 to 3 June 2004, the company was dormant.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company was incorporated on 2 April 2004. On 4 June 2004, the company acquired 100% of the share capital of Seckloe 208 Limited (formerly InterQuad Group Limited). This acquisition is fully described in note 11 to the accounts. The company now acts as a holding company.

On 13 April 2005, the company changed its name from Seckloe 208 Limited to InterQuad Group Limited.

A review of the group's performance has been included in the Chairman's Statement and the Finance Director's Report.

DIVIDENDS

The company has declared dividends of £664,372 of which £482,864 were paid during the period.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the period and their beneficial and family interests in the shares of the company were as follows:

	Appointed	Resigned	Ordinary shares 3 June 2005	On appointment
C J Martin	3 June 2004		2,966,890	-
M J Brooke	3 June 2004		1,214,181	-
M S Hyams	3 June 2004		799,449	-
J Kauffman	3 June 2004		802,954	-
S P Fane	3 June 2004		812,326	-
AC Directors Limited	2 April 2004	23 April 2004	-	-
EMW Directors Limited	23 April 2004	3 June 2004	-	-


DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

AUDITORS

During the period Deloitte & Touche LLP were appointed as auditors. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


Secretary 8 August 2005

INTERQUAD GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed;
- 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 which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERQUAD GROUP LIMITED (formerly SECKLOE 208 LIMITED)

We have audited the financial statements of InterQuad Group Limited for the period from 2 April 2004 to 3 June 2005 which comprise the profit and loss account, the balance sheets, the cash flow statement, notes to the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the directors' report and other information included in the annual report for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 circumstances of the company and the group, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 3 June 2005 and of the profit of the group for the period from 2 April 2004 to 3 June 2005 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

9 August 2005

INTERQUAD GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Period ended 3 June 2005

	Note	Before amortisation £	Goodwill amortisation £	Total £
TURNOVER	2	35,509,176	-	35,509,176
Cost of sales		(18,446,756)	-	(18,446,756)
Gross profit		17,062,420	-	17,062,420
Distribution costs		(11,709,058)	-	(11,709,058)
Administrative expenses		(3,300,403)	(678,944)	(3,979,347)
OPERATING PROFIT	4	2,052,959	(678,944)	1,374,015
Profit on sale of tangible fixed assets	5	503,030	-	503,030
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		2,555,989	(678,944)	1,877,045
Net finance charges	6	(585,162)	-	(585,162)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,970,827	(678,944)	1,291,883
Tax on profit on ordinary activities	7	399,606	-	399,606
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,370,433	(678,944)	1,691,489
Dividends	9	(664,372)	-	(664,372)
RETAINED PROFIT FOR THE FINANCIAL PERIOD	20	1,706,061	(678,944)	1,027,117

The results shown above have all been derived from the twelve months trading activities of the group in the period 4 June 2004 to 3 June 2005. Prior to 4 June 2004, the company was dormant.

All activities are derived from operations acquired during the period.

There are no recognised gains or losses other than those shown in the profit and loss account. Accordingly, no statement of recognised gains and losses is presented.

INTERQUAD GROUP LIMITED

BALANCE SHEETS

3 June 2005

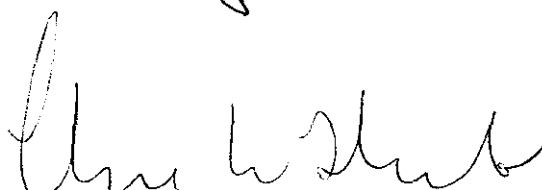
	Note	Group £	Company £
FIXED ASSETS			
Goodwill	10	11,557,608	-
Tangible assets	12	877,455	-
Investments	13	-	12,719,589
		<u>12,435,063</u>	<u>12,719,589</u>
CURRENT ASSETS			
Stocks	14	1,365,196	-
Debtors	15	9,363,556	2,074,405
Cash at bank and in hand		2,105,787	20,268
		<u>12,834,539</u>	<u>2,094,673</u>
CREDITORS: amounts falling due within one year	16	<u>(8,974,172)</u>	<u>(5,886,872)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>3,860,367</u>	<u>(3,792,199)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,295,430	8,927,390
CREDITORS: amounts falling due after more than one year	17	(3,060,070)	(2,618,902)
DEFERRED INCOME		<u>(8,595,675)</u>	<u>-</u>
		<u>4,639,685</u>	<u>6,308,488</u>
CAPITAL AND RESERVES			
Called up share capital	19	157,219	157,219
Share premium account	20	3,455,349	3,455,349
Profit and loss account	20	1,027,117	2,695,920
EQUITY SHAREHOLDERS' FUNDS	20	<u>4,639,685</u>	<u>6,308,488</u>

These financial statements were approved by the Board of Directors on 8 August 2005.

Signed on behalf of the Board of Directors



Director



Director

INTERQUAD GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Period ended 3 June 2005

	Note	£
Net cash inflow from operating activities	1	4,706,714
Returns on investments and servicing of finance		
Interest received		11,611
Interest paid		(596,773)
Net cash outflow from returns on investments and servicing of finance		(585,162)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets		(2,879,723)
Receipts from sales of tangible fixed assets		2,799,780
Net cash outflow from capital expenditure and financial investment		(79,943)
Acquisitions		
Purchase of subsidiary undertakings		(5,506,829)
Net overdraft acquired with subsidiary		(199,579)
Net cash outflow from acquisitions		(5,706,408)
Equity dividends paid		(482,864)
Net cash outflow before financing		(2,147,663)
Financing		
Issue of ordinary share capital		438,271
Amounts advanced from sales financing facilities		510,601
New bank loans		8,500,000
Repayment of bank loans		(5,500,000)
Shareholder loans advanced		516,402
Finance lease capital repaid		(211,824)
Net cash inflow from financing		4,253,450
Increase in cash	2	2,105,787
Reconciliation of net cash flow to movement in net debt	2	
Increase in cash		2,105,787
Cash inflow from increase in debt and lease financing		(3,815,179)
Change in net debt from cash flows		(1,709,392)
Sales financing facilities and finance leases acquired with subsidiary		(1,345,388)
New finance leases		(439,001)
Movement in net debt and net debt at end of period		(3,493,781)

INTERQUAD GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT Period ended 3 June 2005

£

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit	1,374,015
Depreciation of tangible assets	584,315
Amortisation of intangible assets	678,944
Increase in stocks	(156,129)
Increase in debtors	(2,376,931)
Increase in creditors	3,172,158
Increase in deferred income	930,342
Net cash inflow from operating activities	4,706,714

2. ANALYSIS OF NET DEBT

	Cash flow £	On acquisition £	Non-cash movements £	At 3 June 2005 £
Cash at bank and in hand	2,105,787	-	-	2,105,787
Overdraft acquired with subsidiary	199,579	(199,579)	-	-
Debts falling due within one year	(1,808,101)	(1,021,440)	-	(2,829,541)
Debts falling due after more than one year	(2,218,902)	-	-	(2,218,902)
Finance leases	211,824	(323,948)	(439,001)	(551,125)
Net debt	(1,509,813)	(1,544,967)	(439,001)	(3,493,781)

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group accounts incorporate the accounts of the company and its subsidiaries from the date of acquisition.

Revenue recognition

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax.

Training revenue is recognised upon the delivery of training. Where training is contracted in advance of delivery, revenue is deferred and released to the profit and loss account as delivery occurs.

Recruitment revenue is recognised upon receipt of confirmation from the customer that the placement has been fulfilled and the candidate has signed a contract of employment.

Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Fixtures, fittings and equipment	2 to 5 years straight line

Investments

Investments held as fixed assets are stated at cost less provision for any permanent impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Work in progress represents deferred costs in respect of contracted training which has not yet been delivered. These costs are amortised through the profit and loss account as training is delivered.

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

2. SEGMENTAL ANALYSIS

All turnover is derived from sales made within the United Kingdom.

Turnover by class of business has not been disclosed as, in the opinion of the directors, such disclosures would be seriously prejudicial to the group.

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	£
Directors' remuneration	
Fees	402,183
Other emoluments	24,400
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	426,583
	<hr/>
Remuneration in respect of the highest paid director	
Fees	128,336
Other emoluments	5,800
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	134,136
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	No.
Average number of persons employed	
Sales, administration and distribution	262
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	£
Staff costs during the year (including directors)	
Wages and salaries	10,297,929
Social security costs	1,114,048
	<hr/>
	11,411,977
	<hr/>

4. OPERATING PROFIT

	£
Operating profit is after charging	
Amortisation	678,944
Depreciation	
Owned assets	356,325
Leased assets	227,990
Rentals under operating leases	
Hire of plant and machinery	7,616
Other operating leases	642,218
Auditors' remuneration	40,000
	<hr/>

5. PROFIT ON SALE OF TANGIBLE FIXED ASSETS

On 27 May 2005, the company purchased and sold a freehold property to a third party. The sale of the asset resulted in a profit of £503,030. This property was leased back on an operating lease basis.

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

6. NET FINANCE CHARGES

	£
Interest payable and similar charges	
Bank loans, overdrafts and other loans	
repayable within five years	452,274
Other bank charges payable	92,783
Finance leases and hire purchase contracts	51,716
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	596,773
 Interest receivable and similar income	
Bank interest receivable	11,611
	<hr/>
	<u>585,162</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Current tax	£
United Kingdom corporation tax at 30%	
based on the profit for the year	-
Adjustments to prior years' tax provisions	
	<hr/>
	8,109
	<hr/>
	8,109
 Deferred tax	
Origination and reversal of timing differences	391,497
	<hr/>
	<u>399,606</u>

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax of 30%. The differences are explained below:

	£
Profit on ordinary activities before taxation	1,291,883
Taxation at 30% thereon:	387,565
Effects of:	
Expenses not deductible for tax purposes	237,817
Capital allowances in excess of depreciation	50,926
Utilisation of losses	(160,982)
Short term timing differences	9,476
Heldover capital gains	(138,605)
Effect of revenue deferral	(484,252)
Deduction for employee share acquisition	98,055
Prior period adjustments	8,109
	8,109

The group has an unprovided deferred tax asset in respect of revenue losses of £683,217.

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial period amounted to £2,695,920.

9. DIVIDENDS

	£
Dividends paid and proposed on ordinary shares	664,372

10. GOODWILL

Group	£
Cost	
Additions and at 3 June 2005	12,236,552
Accumulated depreciation	
Charge for the period and at 3 June 2005	678,944
Net book value	
At 3 June 2005	11,557,608
At 2 April 2004	-

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

11. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

a) Acquisition of Seckloe 208 Limited

On 4 June 2004, the company acquired 100% of the issued share capital of Seckloe 208 Limited (formerly Interquad Group Limited) for consideration of £12,719,589 inclusive of expenses. Consideration consisted of cash and shares. The following table sets out the fair values of the identifiable assets and liabilities acquired. In the opinion of the directors, the book values of the Seckloe 208 Limited did not require any adjustment.

	Book and fair value to group £
Fixed assets	
Tangible assets	878,797
Current assets	
Stocks	1,209,067
Debtors	6,587,019
Current liabilities	
Creditors	(7,729,620)
Net assets	<u>945,263</u>

The proforma Seckloe 208 Limited consolidated profit and loss account for the period from 1 January 2004 to the 3 June 2004 is shown below:

	Period from 1 January 2004 to 3 June 2004 £
Turnover	<u>10,765,084</u>
Operating loss	<u>(709,722)</u>
Loss on ordinary activities before taxation	(823,991)
Tax on loss on ordinary activities	<u>247,197</u>
Loss on ordinary activities after taxation	<u>(576,794)</u>

There were no other gains or losses during the period other than those shown in the summarised profit and loss account above.

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

11. ACQUISITION OF SUBSIDIARY UNDERTAKINGS (CONTINUED)

b) Acquisition of the business of Protech Computer Training Limited

On 1 April 2005, Interquad Learning Limited, a subsidiary company acquired the trade of Protech Computer Training Limited for total consideration of £462,226, of which £250,000 is based on future performance. There were no material tangible assets or liabilities acquired with the business.

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Short-term leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost				
At 2 April 2004	-	-	-	-
Acquired*	-	431,134	1,243,648	1,674,782
Additions	2,296,750	137,971	445,002	2,879,723
Disposals	(2,296,750)	-	-	(2,296,750)
At 3 June 2005	-	569,105	1,688,650	2,257,755
Accumulated depreciation				
At 2 April 2004	-	-	-	-
Acquired*	-	220,890	575,095	795,985
Charge for the year	-	148,007	436,308	584,315
At 3 June 2005	-	368,897	1,011,403	1,380,300
Net book value				
At 3 June 2005	-	200,208	677,247	877,455
At 2 April 2004	-	-	-	-

*On 4 June 2004, the company acquired all of the fixed assets held by Seckloe 208 Limited. These acquired assets have, as shown above, been recorded at their original book values without adjustment (see note 11).

The net book value of fixed assets includes £486,569 in respect of assets held under f

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

13. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in subsidiaries £
Cost	
Additions and at 3 June 2005	12,719,589
Amounts written off	
At 2 April 2004 and 3 June 2005	-
Net book value	
At 3 June 2005	12,719,589
At 2 April 2004	-

The parent company and the group have investments in the following subsidiary undertakings:

Name of Undertaking	Country of incorporation	Principal activity	Class of holding	%
Seckloe 208 Limited	England and Wales	Holding company	Ordinary	100
InterQuad Learning Limited	England and Wales	Provision of IT training	Ordinary	100
InterQuad Systems Limited	England and Wales	Provision of IT products and services	Ordinary	100
InterQuad Trustees Limited	England and Wales	Dormant	Ordinary	100
InterQuad Resourcing Limited	England and Wales	Provision of IT recruitment services	Ordinary	100
Bloom Limited	England and Wales	Dormant	Ordinary	100
Princeton Graphic Systems Limited	England and Wales	Dormant	Ordinary	100
INTS Holdings Limited	England and Wales	Dormant	Ordinary	100
Murrey Limited	England and Wales	Dormant	Ordinary	100
SkillAdvance Group Limited	England and Wales	Dormant	Ordinary	100
SkillAdvance Limited	England and Wales	Dormant	Ordinary	100
SkillAdvance Internet Limited	England and Wales	Dormant	Ordinary	100

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

14. STOCKS

Group

	£
Work in progress	837,446
Training materials and goods for resale	527,750
	<u>1,365,196</u>

Work in progress balances represent deferred costs of delivering IT training.

The company does not hold any stock.

15. DEBTORS

	Group £	Company £
Trade debtors	6,906,465	-
Deferred tax asset	1,647,167	-
Amounts owed by group undertakings	-	2,062,727
Other debtors	10,678	10,678
Prepayments and accrued income	799,246	1,000
	<u>9,363,556</u>	<u>2,074,405</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £	Company £
Sales financing	1,532,041	-
Bank loans	1,000,000	1,000,000
Obligations under finance leases and hire purchase contracts	272,032	-
Trade creditors	2,933,520	20,903
Amounts owed to group undertakings	-	4,326,928
Income tax payable	15,478	950
Other taxation and social security	1,267,738	-
Deferred consideration	195,450	-
Other creditors	339,240	-
Accruals	939,665	59,083
Proposed dividend	181,508	181,508
Shareholder loans	297,500	297,500
	<u>8,974,172</u>	<u>5,886,872</u>

Bank loans, working capital and sales financing facilities are secured over the assets of the company and its subsidiary undertakings. There are also related cross company guarantees.

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group £	Company £
Shareholder loans	218,902	218,902
Bank fees	400,000	400,000
Bank loans	2,000,000	2,000,000
Obligations under finance leases and hire purchase contracts	279,093	-
Deferred consideration	162,075	-
	<u>3,060,070</u>	<u>2,618,902</u>

18. BORROWINGS

Borrowings are repayable as follows:

	Group 2005 £	Company 2005 £
Sales financing		
On demand or within one year	<u>1,532,041</u>	<u>-</u>
Shareholder loans		
Between one and two years	218,902	218,902
On demand or within one year	<u>297,500</u>	<u>297,500</u>
	<u>516,402</u>	<u>516,402</u>
Bank loans		
Between one and two years	2,000,000	2,000,000
On demand or within one year	<u>1,000,000</u>	<u>1,000,000</u>
	<u>3,000,000</u>	<u>3,000,000</u>
Obligations under finance leases and hire purchase contracts		
Between one and two years	143,568	-
Between two and five years	<u>135,525</u>	<u>-</u>
	279,093	-
On demand or within one year	<u>272,032</u>	<u>-</u>
	<u>551,125</u>	<u>-</u>

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

19. CALLED UP SHARE CAPITAL

	£
Authorised:	
8,031,053 ordinary shares of 2p each	160,621
	<u>160,621</u>
Called up, allotted and fully paid	
7,860,964 ordinary shares of 2p each	157,219
	<u>157,219</u>

The company was incorporated with 1 share of £1. This share was subsequently sub-divided into 50 shares of 2p each.

On 3 June 2004, the company issued 7,860,914 shares for a total consideration of £3,612,568. The consideration comprised cash of £438,271 and shares in Seckloe 208 Limited to the value of £3,174,297.

On 7 January 2005, the company granted 170,055 share options to employees. The shares were granted with an exercise price of 46p per share. These share options are exercisable with seven days' notice and expire on 6 January 2015.

There are performance conditions attached to 28,701 of these share options.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

Group	Called up share capital £	Share premium account £	Profit and loss account £	Total £
Retained profit for the period	-	-	1,027,117	1,027,117
Issue of shares	157,219	3,455,349	-	3,612,568
	<u>157,219</u>	<u>3,455,349</u>	<u>1,027,117</u>	<u>4,639,685</u>
At 3 June 2005	<u>157,219</u>	<u>3,455,349</u>	<u>1,027,117</u>	<u>4,639,685</u>
Company				
Retained profit for the period	-	-	2,695,920	2,695,920
Issue of shares	157,219	3,455,349	-	3,612,568
	<u>157,219</u>	<u>3,455,349</u>	<u>2,695,920</u>	<u>6,308,488</u>
At 3 June 2005	<u>157,219</u>	<u>3,455,349</u>	<u>2,695,920</u>	<u>6,308,488</u>

INTERQUAD GROUP LIMITED

NOTES TO THE ACCOUNTS

Period ended 3 June 2005

21. FINANCIAL COMMITMENTS

	£
Obligations under finance leases and hire purchase contracts	
Minimum lease payments due:	
Within one year	323,089
Within two to five years	308,418
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	631,507
Finance charges allocated to future periods	(80,382)
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	551,125
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Due within one year	272,032
Due after more than one year	279,093
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	551,125
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Operating lease commitments	
	Land and buildings £
Leases which expire:	
Within one year	125,802
Within two to five years	407,486
After five years	291,875
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	825,163
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