

Active English Limited
Financial statements
For the year ended 31 August 2006

Grant Thornton 



Company No. 3800313

Company information

Company registration number	3800313
Registered office	Berkshire College Hall Place Burchetts Green Maidenhead Berkshire SL6 6QR
Directors	D J Walker R M Clarke
Secretary	D J Walker
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East SLOUGH Berkshire SL1 2LS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 August 2006.

Principal activities and business review

The principal activity of the company during the year was the provision of English language education. On 28 February 2006, the trade, assets and liabilities of Active English Limited were transferred to its parent company, Ardmore Language Schools Limited at net book value. On this date the company ceased to trade.

Results and dividends

The profit for the year amounted to £399,709. The directors have not recommended a dividend.

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 31 August 2006	At 1 September 2005
D J Walker	-	-
R M Clarke	-	-
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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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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,
- 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 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.

In so far as the directors are aware:

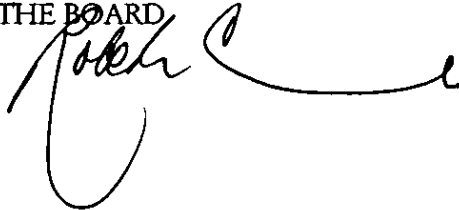
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

R M Clarke
Director
... ..

A handwritten signature in dark ink, appearing to read 'R M Clarke', is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Report of the independent auditor to the members of Active English Limited

We have audited the financial statements of Active English Limited for the year ended 31 August 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 20. 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 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 members 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 Report of the Directors and the financial statements in accordance with United Kingdom law and 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.


Report of the independent auditor to the members of Active English Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 and of its 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 Report of the Directors is consistent with the financial statements.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

10 April 2007
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Principal 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.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year

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	- not depreciated
Fixtures & Fittings	- 25% reducing balance

The freehold property is not depreciated, as in the opinion of the directors, the property's realisable value is greater than the book value in the financial statements.

Stocks

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2006 £	2005 £
Turnover	1	4,279	725,069
Cost of sales		16,947	478,694
Gross (loss)/profit		(12,668)	246,375
Other operating charges	2	86,744	340,425
Operating loss	3	(99,412)	(94,050)
Profit on disposal of trade and assets	5	514,044	-
Interest receivable		30	135
Interest payable and similar charges	6	(14,953)	(28,301)
Profit/(loss) on ordinary activities before taxation		399,709	(122,216)
Tax on profit/(loss) on ordinary activities	7	-	-
Profit/(loss) for the financial year	16	399,709	(122,216)

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

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

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	8	<u>450,000</u>	<u>477,515</u>
Current assets			
Stocks	9	-	10,143
Debtors	10	342,014	10,254
Cash at bank and in hand		-	72,185
		<u>342,014</u>	<u>92,582</u>
Creditors: amounts falling due within one year	11	<u>24,000</u>	<u>198,363</u>
Net current assets/(liabilities)		<u>318,014</u>	<u>(105,781)</u>
Total assets less current liabilities		<u>768,014</u>	<u>371,734</u>
Creditors: amounts falling due after more than one year	12	<u>309,355</u>	<u>312,784</u>
		<u>458,659</u>	<u>58,950</u>
Capital and reserves			
Called-up equity share capital	15	400,100	400,100
Revaluation reserve		58,559	58,559
Profit and loss account	16	-	(399,709)
Shareholders' funds	17	<u>458,659</u>	<u>58,950</u>

These financial statements were approved by the directors on 4. 4. 07 and are signed on their behalf by:

R M Clarke
Director



Notes to the financial statements

1 Turnover

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

	2006 £	2005 £
United Kingdom	<u>4,279</u>	<u>725,069</u>

2 Other operating charges

	2006 £	2005 £
Administrative expenses	<u>86,744</u>	<u>340,425</u>

3 Operating loss

Operating loss is stated after charging:

	2006 £	2005 £
Depreciation of owned fixed assets	3,464	9,171
Auditor's remuneration:		
Audit fees	<u>1,000</u>	<u>3,231</u>

None of the directors were paid any remuneration during the year ended 31 August 2006 (2005: £nil).

4 Directors and employees

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

	2006 No	2005 No
Number of administrative staff	<u>1</u>	<u>2</u>

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	40,225	109,023
Social security costs	<u>1,944</u>	<u>10,995</u>
	<u>42,169</u>	<u>120,018</u>

5 Income from shares in group undertakings

	2006 £	2005 £
Income from parent undertaking	<u>514,044</u>	<u>-</u>

6 Interest payable and similar charges

	2006 £	2005 £
Interest payable on bank borrowing	14,953	21,700
Other similar charges payable	-	6,601
	<u>14,953</u>	<u>28,301</u>

7 Taxation on ordinary activities

Factors affecting current tax charge

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	<u>399,709</u>	<u>(122,216)</u>
Profit/(loss) on ordinary activities by rate of tax	119,913	(36,665)
Expenses not deductible for tax purposes	-	176
Capital allowances for period in excess of depreciation	1,039	18,674
Other timing difference	(154,213)	(4,200)
Group relief surrendered	33,261	22,015
Total current tax	<u>-</u>	<u>-</u>

8 Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Total £
Cost or valuation			
At 1 September 2005	466,311	155,983	622,294
Additions	-	680	680
Transfers	-	(156,663)	(156,663)
At 31 August 2006	<u>466,311</u>	<u>-</u>	<u>466,311</u>
Depreciation			
At 1 September 2005	16,311	128,468	144,779
Charge for the year	-	3,464	3,464
Transfers	-	(131,932)	(131,932)
At 31 August 2006	<u>16,311</u>	<u>-</u>	<u>16,311</u>
Net book value			
At 31 August 2006	<u>450,000</u>	<u>-</u>	<u>450,000</u>
At 31 August 2005	<u>450,000</u>	<u>27,515</u>	<u>477,515</u>

The freehold property was revalued on 8 November 2004 by C Broome BSc MRICS of Cluttons, Chartered Surveyors, resulting in a revaluation surplus of £58,559.

If the property had not been revalued, it would have been included at a net book value, on the historical cost basis, of £407,752 (2005: £407,752).

No provision has been made for deferred taxation in the revaluation surplus as there is no intention to dispose of the property in the foreseeable future

9 Stocks

	2006 £	2005 £
Consumables	<u>-</u>	<u>10,143</u>

10 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	342,014	-
Corporation tax repayable	-	481
Prepayments and accrued income	-	9,773
	<u>342,014</u>	<u>10,254</u>

11 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	24,000	24,000
Trade creditors	-	33,685
Amounts owed to group undertakings	-	72,829
Other taxation and social security	-	9,522
Other creditors	-	47,266
Accruals and deferred income	-	11,061
	<u>24,000</u>	<u>198,363</u>

12 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	<u>309,355</u>	<u>312,784</u>

The bank loan is repayable by monthly instalments. There were 154 instalments repayable at the period end. Interest is charged on the loan at 1.5% above the National Westminster Bank plc base rate. The loan is secured on the land and buildings at 12 Evershed Road, Eastbourne and also has an unlimited guarantee from the parent company.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2006 £	2005 £
Bank loans and overdrafts	<u>213,355</u>	<u>235,384</u>

13 Derivatives

In the opinion of the directors there are no derivatives at 31 August 2006 or 31 August 2005

14 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with fellow group undertakings controlled by Ardmore Language Schools Limited where 90% or more of the voting rights are controlled within the group.

15 Share capital

Authorised share capital:

	2006 £	2005 £
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>400,100</u>	<u>400,100</u>	<u>400,100</u>	<u>400,100</u>

16 Profit and loss account

	2006 £	2005 £
Balance brought forward	(399,709)	(277,493)
Profit/(loss) for the financial year	<u>399,709</u>	<u>(122,216)</u>
Balance carried forward	<u>-</u>	<u>(399,709)</u>

17 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit/(Loss) for the financial year	399,709	(122,216)
Opening shareholders' funds	<u>58,950</u>	<u>181,166</u>
Closing shareholders' funds	<u>458,659</u>	<u>58,950</u>

18 Capital commitments

There were no capital commitments as at 31 August 2006 or 31 August 2005.

19 Contingent liabilities

There were no contingent liabilities as at 31 August 2006 or 31 August 2005

20 Ultimate parent company

The directors consider that the ultimate parent company is Ardmore Language Schools Limited, a company registered in England & Wales, by virtue of its 100% ownership of the share capital of Active English Limited.