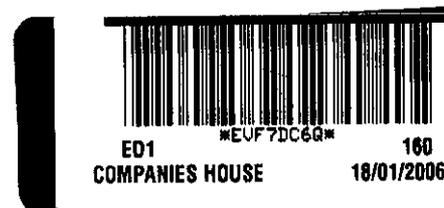


Uxbridge College Properties Limited

Directors' report and financial statements

Registered number 3498874

31 July 2005



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Directors' report

The directors present their report and audited financial statements for the period 1 August 2004 to 31 July 2005.

Principal activities

The principal activity of the Company is investment in land and property.

Review of business

The Company constructed a teaching centre on land purchased from its parent entity, Uxbridge College. Under the terms of an agreement dated 13 March 1998, the College has leased the building from the company. The Company contracted with Uxbridge College Property Developments Limited to construct the teaching centre.

The year-end financial position is satisfactory.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the period, none of whom had an interest in the shares of the company, were:

Rachel Davies
Alasdair MacLeod

Employees

The Company has no employees

Professional Advisors

Auditors: KPMG LLP
Bankers: Lloyds TSB Plc
Solicitors: Eversheds

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board:



Rachel Davies
Director

Park Road
Uxbridge
Middlesex
UB18 1NQ

6th December 2005

Directors' responsibilities

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 for that period. In preparing those financial statements, the directors are required to:

1. Select suitable accounting policies and the apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
4. 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Uxbridge College Properties Limited

We have audited the financial statements on pages 4 to 9.

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 auditors

The directors are responsible for preparing the directors' report and, as described on page 2 of the financial statements, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its result for the year and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountant
Registered Auditor

6th December 2005

Profit and loss account
for the year ended 31 July 2005

| | <i>Note</i> | 2005 £'000 | 2004 £'000 |
|-------------------------------------------------------------------------------------------------|-------------|-----------------------------|-----------------------------|
| Turnover | 2 | 117 | 117 |
| Cost of sales | | (92) | (94) |
| Gross profit | | <u>25</u> | <u>23</u> |
| Administrative expenses | | - | - |
| Profit on ordinary activities before and after taxation and retained result for the year | 5 | <u>25</u> | <u>23</u> |
| Reserves brought forward | | 109 | 86 |
| Reserves carried forward | | <u>134</u> | <u>109</u> |

The company has no recognised gains or losses other than the result for the year.

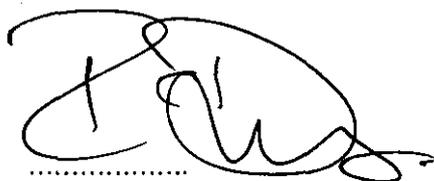
All turnover in the year relates to continuing operations.

In the current year, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

Balance sheet
 at 31 July 2005

| | <i>Note</i> | 2005 £'000 | 2005 £'000 | 2004 £'000 | 2004 £'000 |
|-------------------------------------------------------|-------------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 2,831 | | 2,923 |
| Current assets | | | | | |
| Debtors | 7 | 580 | | 463 | |
| Cash at bank and in hand | | - | | - | |
| | | <u>580</u> | | <u>463</u> | |
| Creditors: Amounts falling due within one year | 8 | (1) | | (1) | |
| Net current assets | | <u>579</u> | | <u>462</u> | |
| Net current assets less current liabilities | | | 579 | | 462 |
| Net assets | | | <u>3,410</u> | | <u>3,385</u> |
| Capital and reserves | | | | | |
| Share capital | 9 | | 3,276 | | 3,276 |
| Profit and loss account | | | 134 | | 109 |
| Equity shareholders funds | 10 | | <u>3,410</u> | | <u>3,385</u> |

These financial statements were approved by the board of directors on 6th December 2005 and were signed on its behalf by:



.....
Rachel Davies
 Director

Notes

(forming part of the financial statements)

1 Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of premises to the parent undertaking during the year.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it falls within the definition of a small company under Section 247 of the Companies Act 1985.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Tangible Fixed Assets

Land and buildings

Land and buildings are included in the balance sheet at cost. Freehold and long leasehold land is not depreciated. Freehold buildings are depreciated over the lower of expected useful economic life to the company or 35 years.

2 Turnover

| | 2005 £'000 | 2004 £'000 |
|------------------|---------------|---------------|
| Rents receivable | 117 | 117 |

3 Directors emoluments

The directors did not receive any payment from the company.

4 Taxation

There was no taxation in the period.

Notes (continued)

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging.

| | 2005 £'000 | 2004 £'000 |
|-----------------------|---------------|---------------|
| Auditors remuneration | 0 | 2 |
| Depreciation | 92 | 92 |
| Management charges | - | - |
| | - | - |

6 Tangible fixed assets

| | Long leasehold land £'000 | Buildings £'000 | Total £'000 |
|---------------------------------------|------------------------------------|--------------------|----------------|
| Cost or valuation: | | | |
| At 1 August 2004 | 20 | 3,361 | 3,381 |
| Additions | - | - | - |
| At 31 July 2005 | 20 | 3,361 | 3,381 |
| Depreciation: | | | |
| At 1 August 2004 | - | 458 | 458 |
| Charge for period | - | 92 | 92 |
| At 31 July 2005 | - | 550 | 550 |
| Net Book Value at 31 July 2005 | 20 | 2,811 | 2,831 |
| Net Book Value at 31 July 2004 | 20 | 2,903 | 2,923 |

7 Debtors

| | 2005 £'000 | 2004 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by Parent undertaking | 578 | 461 |
| Amounts owed by Group undertaking | 2 | 2 |
| Other taxation and social security | - | - |
| | 580 | 463 |

Amounts payable by the parent undertaking fall due in more than one year.

Notes (continued)

8 Creditors: Amounts falling due within one year

| | 2005 £'000 | 2004 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | - | - |
| Amounts due to Group undertaking | - | - |
| Other taxation and social security | - | - |
| Accruals and deferred income | 1 | 1 |
| | 1 | 1 |

9 Share capital

| | 2005 £ | 2004 £ |
|----------------------------------|-----------|-----------|
| <i>Authorised:</i> | | |
| 3,649,154 shares on £1 each | 3,649,154 | 3,649,154 |
| | 3,649,154 | 3,649,154 |
| <i>Called up and fully paid:</i> | | |
| 3,275,540 shares at £1 each | 3,275,540 | 3,275,540 |
| | 3,275,540 | 3,275,540 |

In earlier period, the company issued 3,649,154 shares to its parent undertaking Uxbridge College on a "Nil paid" basis. At the year-end, the company had requested payment for 3,275,540 shares. (See also note 14).

10 Movement on shareholders' funds

Reconciliation of movements in shareholders' funds

| | £'000 |
|--------------------------------------------|--------------|
| Shareholders' funds brought forward | 3,385 |
| New shares paid in the year | - |
| Result for the year | 25 |
| Shareholders' funds carried forward | 3,410 |

11 Related party transactions

The company is wholly owned and in accordance with the exemption granted by FRS 8, transactions between the company and other group members have not been separately disclosed.

12 Capital commitments and contingencies

There were no capital commitments or contingencies at 31 July 2005.

Notes (continued)

13 Ultimate Parent company

The ultimate parent entity of the company is Uxbridge College, who own 100% of the called-up share capital. The consolidated financial statements of the College are available to the public and may be obtained from:

Uxbridge College
Park Road
Uxbridge
Middlesex
UB8 1NQ

14 Contingent Liability

The company has given financial assistance for the acquisition of shares in accordance with Section 155(6) of the Companies Act 1985. In an earlier period, the parent undertaking Uxbridge College entered into a loan agreement with Lloyds TSB bank Plc to finance the share acquisition in the company. The company has agreed to:

- a. Guarantee and indemnify the bank against any loss, claims, demands or expenses incurred by it as a result of Uxbridge College failing to discharge its obligations to the bank;
- b. Assign all of its benefits and rights under the Construction Services agreements with fellow subsidiary undertaking Uxbridge College Property Developments Limited until such time as the obligations of Uxbridge College to the bank have been discharged;
- c. Charge by way of legal mortgage in favour of the bank all of its interest in the leasehold property at the Hayes Site.