

Proactive Training Solutions Limited

Annual Report

for the nine months to 31 December 2005

Registered number: 04955186



# **Proactive Training Solutions Limited**

## **Annual report for the nine months to 31 December 2005**

<b>Contents</b>	<b>Page</b>
Directors and advisors for the nine months to 31 December 2005 .....	1
Directors' report for the nine months to 31 December 2005 .....	2
Independent auditors' report to the members of Proactive Training Solutions Limited .....	4
Profit and loss account for the nine months to 31 December 2005 .....	5
Balance sheet as at 31 December 2005 .....	6
Notes to the financial statements for the nine months to 31 December 2005 .....	7

# **Proactive Training Solutions Limited**

## **Directors and advisors for the nine months to 31 December 2005**

### **Executive directors**

A E Smith  
C Cameron  
D Keating  
J Spurling

### **Secretary**

BLG (Professional Services) Limited  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7NJ

### **Auditors**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### **Solicitors**

Pinsent Masons  
3 Colmore Circus  
Birmingham  
B4 6BH

### **Registered office**

Craegmoor House  
Perdiswell Park  
Worcester  
WR3 7NW

### **Bankers**

Barclays Bank Plc  
P.O. Box 544  
54 Lombard Street  
London  
EC3V 9EX

# Proactive Training Solutions Limited

## Directors' report for the nine months to 31 December 2005

The directors present their report and the audited financial statements for the nine months to 31 December 2005.

### Principal activities

The principal activity of the Company continues to be the provision of care.

### Review of business and future developments

Both the level of business and the year end position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### Results and dividends

The company has changed its accounting reference date to 31 December. As such, the current periods' results relate to nine months.

The profit and loss account shows a profit after tax for the nine months to 31 December 2005 of £2,000 (12 months to 31 March 2005: profit of £3,000). The directors do not recommend the payment of a dividend for the nine months to 31 December 2005 (12 months to 31 March 2005: £Nil).

### Directors and their interests

The following directors have held office since 1 January 2005:

A E Smith	Appointed 1 June 2005	
D Keating	Appointed 6 March 2006	
J Spurling	Appointed 6 March 2006	
C Cameron	Appointed 15 March 2006	
R Saville	Appointed 19 May 2005	Resigned 1 June 2005
M Hill	Appointed 19 May 2005	Resigned 7 April 2006
C M Morte	Resigned 19 May 2005	
S Phillips	Resigned 19 May 2005	

The Directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2005	31 March 2005
C M Morte	-	50
S Phillips	-	50

No other directors had any share interests in respect of Proactive Training Solutions Limited.

M Hill, and R Saville were directors of the ultimate parent company in the United Kingdom, Craegmoor Limited, and their share interests are shown in the directors' report of that company.

A E Smith is a director of the ultimate parent company in the United Kingdom, Craegmoor Limited, and his share interests are shown in the directors' report of that company.

### Share Ownership

On 19 May 2005, the company was acquired by Craegmoor Investments Limited

# Proactive Training Solutions Limited

## Directors' report for the nine months to 31 December 2005 (continued)

### Financial instruments

The Company's financial instruments primarily comprise debtors and creditors with other group companies arising directly from its operations. No trading in financial instruments has been undertaken.

There are no significant risks arising directly from the Company's financial instruments. However, the Company is reliant on the ongoing support of the Craegmoor Group, which has long term financing and overdraft facilities in place. The Board of Craegmoor Limited, the ultimate parent undertaking, has reviewed and agreed the policies for managing the risks related to these facilities as set out below:

#### *Liquidity and credit risk:*

The Group has secured long term financing and overdraft facilities with financial institutions who have high credit ratings that are designed to ensure the Company has sufficient available funds for operations. The £320,148,000 of debt, in the form of loan notes, is repayable over 18 years.

#### *Interest rate and cash flow risk:*

The Group has entered into interest rate swaps to ensure certainty over future interest cashflows. As a consequence, 94% of the Group's borrowings are at fixed rates of interest.

### 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

### Auditors

On 5 September 2006 Hazlewoods LLP resigned as auditors and, in accordance with group policy, PricewaterhouseCoopers LLP were appointed auditors to the Company.

By order of the Board



C Cameron  
Director  
15 September 2006

## **Independent auditors' report to the members of Proactive Training Solutions Limited**

We have audited the financial statements of Proactive Training Solutions Limited for the nine months to 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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**

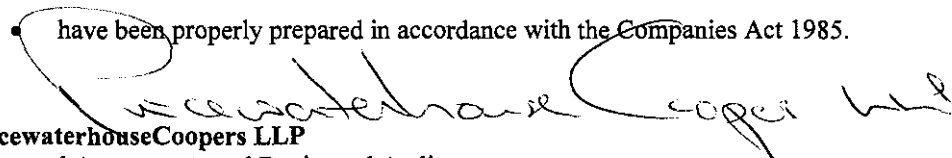
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the 9 months then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Birmingham  
15 September 2006

## Proactive Training Solutions Limited

### Profit and loss account for the nine months to 31 December 2005

		9 Months to 31 December 2005	12 Months to 31 March 2005
	Notes	£'000	£'000
Turnover	5	3	28
Cost of sales		(3)	(19)
Gross profit		-	9
Administrative expenses	4	2	(5)
Profit on ordinary activities before taxation		2	4
Tax on profit on ordinary activities	8	-	-
Retained profit for the financial period	12	2	4

There are no differences between the results for the period and the results on an unmodified historical cost basis and accordingly a statement of historical costs profits and losses is not presented.

There are no movements in total recognised gains and losses or in equity shareholders' funds other than those reported and accordingly no statement of total recognised gains and losses is presented.

# Proactive Training Solutions Limited

## Balance sheet as at 31 December 2005

		31 December 2005	31 March 2005
	Notes	£'000	£'000
<b>Current assets</b>			
Debtors	9	5	6
		5	6
<b>Creditors: amounts falling due within one year</b>	10	-	(3)
<b>Net current assets</b>		5	3
<b>Total assets less current liabilities</b>		5	3
<b>Net assets</b>		5	3
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	5	3
<b>Total equity shareholders' funds</b>	13	5	3

The financial statements on pages 5 to 11 were approved by the board of directors on 15 September 2006 and signed on its behalf by:



**C Cameron**  
Director



# **Proactive Training Solutions Limited**

## **Notes to the financial statements for the nine months to 31 December 2005**

### **1 Principal accounting policies**

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, is set out below:

#### **Corporation tax**

UK corporation tax is provided at amounts expecting to be paid (or recovered) using the tax rates and bases that have been enacted or substantially enacted by the balance sheet date. Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

#### **Deferred taxation**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is only recognised to the extent that the transfer of economic benefits in the future is deemed to be more likely than not. Deferred tax assets and liabilities recognised are not discounted.

#### **Cash flow statement**

The Company is a wholly owned subsidiary of Craegmoor Limited, and the cash flows of the Company are included in the consolidated group cash flow statement of that company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

#### **Operating leases**

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the lease term.

#### **Consolidated accounts**

The Company has taken advantage of the exemption under section 228(i) of the Companies Act, not to prepare and file consolidated accounts. The results of the Company are included within the group accounts of Craegmoor Investments Limited, an intermediate parent undertaking, which is incorporated in the United Kingdom. In accordance with section 228(ii), the Company will deliver to the registrar, copies of these group accounts.

### **2 Changes in accounting policies**

The Company has adopted FRS 21 "Events after the Balance Sheet date" and FRS 25 "Financial Instruments: Disclosure and Presentation". The adoption of these standards represents a change in accounting policy although its adoption has no impact on the loss for the year or net assets.

The company has also adopted FRS 28 "Corresponding Amounts" in these financial statements, which also represents a change of accounting policy. During the current year the Directors have revised the method of allocating certain intercompany balances between debtors and short and long term creditors, primarily in respect of funding arrangements with a fellow subsidiary undertaking. Given adjustments made in the current year, the Directors have reclassified the corresponding intercompany amounts within the balance sheet in order to ensure comparability. The reclassifications made have no affect on the loss for the year or net assets.

### **3 Turnover**

Turnover, which excludes Value Added Tax, consists entirely of fee income for care services provided in the 9 months in the United Kingdom.

# Proactive Training Solutions Limited

## Notes to the financial statements

### for the nine months to 31 December 2005 (continued)

#### 4 Related party transactions

The Company has taken advantage of the exemption granted under paragraph 3 (c) of FRS 8 and not disclosed any transactions with other group companies where they are more than 90% owned by a common parent.

#### 5 Operating profit

Operating profit is stated after a credit of £2,000 (nine month period ended 31 March 2005: £Nil), relating to the release of accruals no longer required.

#### 6 Directors' emoluments

The emoluments of the directors were paid by Craegmoor Healthcare Company Limited, a fellow subsidiary of Craegmoor Limited. The directors were also directors of a number of other fellow subsidiaries during the nine months to 31 December 2005 and the year to 31 March 2005 and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the emoluments of the directors are disclosed within the accounts of Craegmoor Healthcare Company Limited.

#### 7 Employee information

The staff costs during the 9 months were:

	<b>9 Months to 31 December 2005 £'000</b>	<b>12 Months to 31 March 2005 £'000</b>
<b>Staff costs</b>		
Wages and salaries	-	16
Social security costs	-	1
	-	17

#### 8 Tax on profit on ordinary activities

	<b>9 Months to 31 December 2005 £'000</b>	<b>12 Months to 31 March 2005 £'000</b>
<b>Current taxation</b>		
UK corporation tax at 30% (year to March 2005: 30%)	-	-
Adjustment in respect of previous periods	-	-
Total current taxation	-	-
<b>Tax charge on ordinary activities</b>	-	-

# Proactive Training Solutions Limited

## Notes to the financial statements for the nine months to 31 December 2005 (continued)

### 8 Tax on profit on ordinary activities

The tax for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	9 Months to 31 December 2005 £'000	12 Months to 31 March 2005 £'000
Profit on ordinary activities	2	3
Profit on ordinary activity multiplied by standard rate of corporation tax in the UK of 30% (Year to March 2005: 6%)	-	-

There is no unrecognised deferred taxation as at 31 December 2005 (31 March 2005: £Nil).

### 9 Debtors

	31 December 2005 £'000	31 March 2005 £'000
Amounts falling due within one year	£'000	£'000
Trade debtors	-	6
Amounts owed from group undertakings	5	-
	5	6

### 10 Creditors: amounts falling due within one year

	31 December 2005 £'000	31 March 2005 £'000
Other creditors	-	3
	-	3

# Proactive Training Solutions Limited

## Notes to the financial statements

### for the nine months to 31 December 2005 (continued)

#### 11 Called up share capital

At 1 April 2005 and at 31 December 2005

	£
<b>Authorised</b>	
1000 Ordinary A shares of £1 each	1,000
<b>Allotted, called up and fully paid</b>	
100 Ordinary A shares of £1 each	100

#### 12 Reserves

	Profit and loss account
	£'000
At 1 April 2005	3
Profit for the financial year	2
<b>At 31 December 2005</b>	<b>5</b>

#### 13 Reconciliation of movement in shareholders' funds

	31 December 2005	31 March 2005
	£'000	£'000
Profit for the financial year	2	3
Net increase in shareholders' funds	2	3
Opening equity shareholders' funds	3	-
<b>Closing equity shareholders' funds</b>	<b>5</b>	<b>3</b>

#### 14 Contingent liabilities

There is a fixed charge over the assets of the Company and a cross guarantee in respect of the external loan undertaken by Craegmoor Funding (No. 2) Limited amounting to £Nil (31 March 2005: £Nil).

#### 15 Post balance sheet events

On 13 March 2006 the Craegmoor Group completed a refinancing exercise with the injection of £8.25m from shareholders following the issue of new loan notes. The capital injection was used to refinance group companies. In addition the Borrower Security Trustee of the securitisation agreed to waive past breaches or to provide a period of time in which breaches must be remedied. The Company has complied with the obligations attaching to the waivers.

## **Proactive Training Solutions Limited**

### **Notes to the financial statements**

#### **for the nine months to 31 December 2005 (continued)**

##### **16 Capital commitments**

As at 31 December 2005 the Company had no capital commitments (31 March 2005: £Nil).

##### **17 Immediate and ultimate parent companies**

The directors regard Craegmoor Investments Limited, a company registered in England and Wales, as the immediate parent company of Proactive Training Solutions Limited, and Craegmoor Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. The parent companies of the largest and smallest groups in which Proactive Training Solutions Limited is consolidated are Craegmoor Limited and Craegmoor Investments Limited respectively. Copies of Craegmoor Limited's consolidated financial statements may be obtained from its registered office, Craegmoor House, Perdiswell Park, Worcester, WR3 7NW.