

Senad Holdings Limited

**Directors' report and consolidated
financial statements**

Registered number 05271236

31 August 2006



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Directors and advisors

Directors

KA Baines
TF Lee
B Jones

Secretary

KA Baines

Registered office

Admin House
The Grange
Hospital Lane
Mickleover
Derby
DE3 5DR

Company number

05271236

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 FQ

Bankers

Nomura International plc
1 St Martin's-le-Grand
London
EC1A 4NP

Solicitors

Marriot Harrison
12 Great James Street
London
WC1N 3DR

Directors' report

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

Principal activity

The principal activity of the Company is that of an intermediate holding company

The principal activity of the Group is the operation of residential schools and adult care facilities for residents with special educational needs and challenging behaviour

Review of business and future developments

Turnover, gross margin and occupancy rates are viewed as key performance indicators for the Group. In face of challenging market conditions the Group has successfully improved turnover and maintained gross margin from the previous year through acquisitions and organic growth. The Group operates at an average group occupancy level of 88% (2005 90%). The current average occupancy reflects two issues, one being the longer than average fill rate for vacancies and the second being a reduction in referrals/increased leavers at the Tregynon Hall School.

Results and dividends

The results of the Group for the year show a profit after taxation of £283,000 (2005 £144,000)

The directors have not paid a dividend (2005 nil)

Directors and their interests

The directors who held office during the financial year and to the date of this report are as follows

KA Baines

TF Lee

B Jones

I Williams - resigned 3 July 2006

R Robson - resigned 3 July 2006

The interests of those directors who held shares in the Company at the beginning and end of the year are as follows

	Ordinary shares of 1p each		Ordinary A shares of 1p each	
	2006 Number	2005 Number	2006 Number	2005 Number
KA Baines	-	2,000	-	-
TF Lee	-	10,000	-	-
B Jones	-	-	-	-
I Williams	-	2,000	-	-
R Robson	-	-	-	2,124

R Robson's interest in the ordinary A shares is in those held by his wife. None of the directors held any interests in the shares of any of the Group's subsidiary undertakings.

The interests of the directors in the shares of the ultimate holding company, Senad Equity Limited, are disclosed in the financial statements of that company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees is through the in-house newspaper, newsletters and briefing groups.

Policy and practice on payment of creditors

The Group agrees payment terms individually with suppliers prior to the commencement of trading and adheres to the terms of arrangements made.

Auditors

Hazlewoods LLP resigned as auditors during the year and KPMG LLP were appointed in their place. 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



KA Baines
Secretary

22 December 2006

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St Nicholas House
Park Row
Nottingham NG1 6FQ

Report of the independent auditors to the members of Senad Holdings Limited

We have audited the group and parent company financial statements (the 'financial statements') of Senad Holdings Limited for the year ended 31 August 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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 auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 4.

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 directors' report 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 directors' report and consider the implications for our report if we become aware of any apparent misstatement 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 group's and 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 August 2006 and of the group's 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 directors' report is consistent with the financial statements.

KPMG LLP

22 February 2007

Chartered Accountants
Registered Auditor

Consolidated profit and loss account
for the year ended 31 August 2006

	<i>Note</i>	Cont- inuing £000	Acquis- itions £000	2006 £000	Cont- inuing £000	2005 £000
Turnover		6,176	798	6,974	2,636	2,636
Cost of sales		(3,414)	(432)	(3,846)	(1,349)	(1,349)
Gross profit		2,762	366	3,128	1,287	1,287
Administrative expenses		(1,321)	(82)	(1,403)	(634)	(634)
Operating profit		1,441	284	1,725	653	653
Profit on sale of property		-	-	-	98	98
		1,441	284	1,725	751	751
Interest receivable and similar income	2	40	-	40	18	18
Interest payable and similar charges	3	(1,093)	-	(1,093)	(488)	(488)
Profit on ordinary activities before taxation	4	388	284	672	281	281
Tax on profit on ordinary activities	7	(380)	(9)	(389)	(137)	(137)
Profit for the financial year	16	8	275	283	144	144

In both the current and preceding year, the Company had no discontinued operations

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis

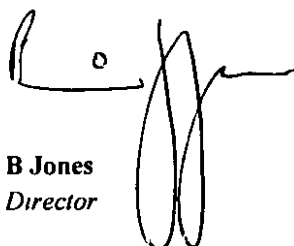
Consolidated balance sheet
as at 31 August 2006

	<i>Note</i>	2006	2005
		£000	£000
Fixed assets			
Intangible assets	8	10,926	10,171
Tangible assets	9	3,304	1,394
		<hr/>	<hr/>
		14,230	11,565
Current assets			
Debtors	11	1,305	1,223
Cash at bank and in hand		1,128	1,531
		<hr/>	<hr/>
		2,433	2,754
Creditors: amounts falling due within one year	12	(16,188)	(5,532)
		<hr/>	<hr/>
Net current liabilities		(13,755)	(2,778)
		<hr/>	<hr/>
Total assets less current liabilities		475	8,787
Creditors, amounts falling due after more than one year	13	-	(8,596)
Provisions for liabilities and charges	14	(19)	(18)
		<hr/>	<hr/>
Net assets		456	173
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	28	28
Profit and loss account	16	427	144
		<hr/>	<hr/>
Shareholder's funds	17	456	173
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 22 December 2006 and were signed on its behalf by



K A Baines
Director



B Jones
Director

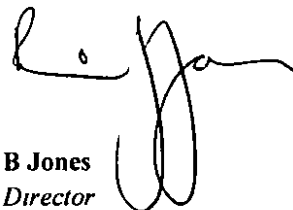
Company balance sheet
as at 31 August 2006

	<i>Note</i>	2006	2005
		£000	£000
Fixed assets			
Tangible assets	9	1,371	-
Investments	10	11,586	11,634
		<u>12,957</u>	<u>11,634</u>
Current assets			
Debtors	11	1,528	382
Creditors amounts falling due within one year	12	(14,369)	(3,878)
Net current liabilities		<u>(12,841)</u>	<u>(3,496)</u>
Total assets less current liabilities		<u>116</u>	<u>8,138</u>
Creditors amounts falling due after more than one year	13	-	(8,596)
Net assets/(liabilities)		<u>116</u>	<u>(458)</u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	28	28
Profit and loss account	16	87	(487)
Shareholder's funds/(deficit)	17	<u>116</u>	<u>(458)</u>

These financial statements were approved by the board of directors on 22 December 2006 and were signed on its behalf by



K A Baines
Director



B Jones
Director

Consolidated cash flow statement
for the year ended 31 August 2006

	<i>Note</i>	2006 £000	2005 £000
Cash inflow from operating activities	18	2,762	887
Returns on investments and servicing of finance	19	(1,053)	(235)
Taxation		(373)	-
Capital expenditure and financial investment	19	(599)	73
Acquisitions and disposals	19	(2,745)	(10,408)
Net cash flow before use of liquid resources and financing		(2,008)	(9,683)
Financing	19	1,605	11,214
(Decrease)/increase in cash		(403)	1,531

Reconciliation of net cash flow to movement in net debt
for the year ended 31 August 2006

	<i>Note</i>	2006 £000	2005 £000
(Decrease)/increase in cash in the year		(403)	1,531
Net cash outflow from decrease in debt	20	(1,605)	(11,845)
Movement in net debt in the year		(2,008)	(10,314)
Opening net debt	20	(10,314)	-
Net debt at 31 August		(12,322)	(10,314)

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The corresponding amounts in these financial statements are restated in accordance with the new policies

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

The adoption of FRS 21 'Events after the balance sheet date' and the presentation requirements of FRS 25 'Financial instruments presentation and disclosure' have resulted in no impact on either the current or prior year results

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on a going concern basis

Basis of consolidation

The Group financial statements comprise the financial statements of the parent company and its wholly owned subsidiary undertakings made up to 31 August 2006. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of the disposal.

In the Company's financial statements, investments in subsidiary and associated undertakings are stated at cost less amounts written off.

In accordance with Section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial year dealt with in the financial statements of Senad Holdings Limited is disclosed in note 16 to these financial statements.

Turnover

Turnover arose entirely within the United Kingdom and represents fees charged to residents at invoiced amounts in accordance with the principal activity.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Principal accounting policies (continued)

Pensions

The Group participates in a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Group to the scheme in respect of Group employees and amounted to £15,000 (2005 £7,000). At 31 August 2006, £1,000 (2005 £nil) was included in creditors for pension contributions.

The Group is a member of a larger industry wide pension scheme providing benefits to teaching staff based on final pensionable pay. The Group's contributions are set in relation to the current service period only (ie are not affected by any surplus or deficit in the scheme relating to past service of its own employees or any other members of the scheme). As permitted by FRS17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (ie forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Interest receivable and similar income

	2006 £000	2005 £000
Interest receivable	40	18

Notes (continued)

3 Interest payable and similar charges

	2006 £000	2005 £000
Bank loans	1,024	264
Other interest	-	224
Amortisation of issue costs	69	-
	<u>1,093</u>	<u>488</u>

4 Profit on ordinary activities before taxation

	2006 £000	2005 £000
<i>Profit on ordinary activities before taxation is arrived at after charging/(crediting)</i>		
Depreciation	104	34
Amortisation	575	261
Auditors' remuneration - audit	22	11
- non-audit	11	5
Profit on disposal of tangible assets	-	(3)
Other operating leases	18	17
	<u>1,093</u>	<u>488</u>

The audit fee for the Company is met by Senad Group Limited

5 Directors' emoluments and fees

The directors of the Group are also directors of Senad Group Limited. The directors' emoluments were met by Senad Group Limited.

6 Employees

	2006 Number	2005 Number
<i>The average number of employees (including directors and part time staff) during the year was as follows</i>		
Administration, domestic and maintenance	40	33
Teaching	36	30
Care	105	72
	<u>181</u>	<u>135</u>
	<u>£000</u>	<u>£000</u>
<i>The aggregate payroll costs of these employees (including directors) were as follows</i>		
Wages and salaries	2,918	985
Social security costs	271	91
Other pension costs	13	7
	<u>3,202</u>	<u>1,083</u>

Notes (continued)

7 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2006 £000	2005 £000
<i>UK corporation tax</i>		
Current tax on income for the year	383	143
Adjustments in respect of prior periods	5	(17)
	<hr/>	<hr/>
Total current tax charge	388	126
Deferred tax - Origination and reversal of timing differences (note 14)		
Current year	(2)	11
Prior year	3	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>389</u>	<u>137</u>

(b) Factors affecting the tax charge for the year

The current tax charge for the year is higher (2005 higher) than the standard 30% rate of corporation tax in the UK
The differences are explained below

	2006 £000	2005 £000
Profit on ordinary activities before tax	672	281
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	202	84
Effect of		
Depreciation in excess of capital allowances	8	(3)
Expenses not deductible for tax purposes	14	7
Chargeable disposals	-	29
Other tax adjustments	-	(46)
Non deductible amortisation of goodwill	173	72
Adjustments to tax charge in respect of previous periods	5	
Tax at marginal rates	1	(17)
Other short term timing differences	2	-
Transfer pricing adjustment	(17)	-
	<hr/>	<hr/>
Total current tax charge	<u>388</u>	<u>126</u>

(c) Factors that may affect future tax charges

Based on current investment plans, the company expects depreciation to be in excess of capital allowances in future years at a level reasonably consistent to that of the current year

Notes (continued)

8 Intangible assets

Group	Goodwill £000
<i>Cost</i>	
At 1 September 2005	10,432
Additions	1,378
Finalisation of consideration	(48)
	<hr/>
At 31 August 2006	11,762
	<hr/>
<i>Accumulated amortisation</i>	
At 1 September 2005	261
Charge for the year	575
	<hr/>
At 31 August 2006	836
	<hr/>
<i>Net book value</i>	
At 31 August 2006	10,926
	<hr/>
At 31 August 2005	10,171
	<hr/>

9 Tangible assets

Group	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
<i>Cost or valuation</i>					
At 1 September 2005	1,239	44	114	32	1,429
Additions	560	-	39	-	599
Acquisitions	1,385	-	30	-	1,415
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2006	3,184	44	183	32	3,443
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 September 2005	18	1	10	6	35
Charge for the year	51	-	53	-	104
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2006	69	1	63	6	139
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 August 2006	3,115	43	120	26	3,304
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2005	1,221	43	104	26	1,394
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets (continued)

Company	Freehold land and buildings £000
<i>Cost</i>	
At 1 September 2005	-
Acquisitions	1,385
	<hr/>
At 31 August 2006	1,385
	<hr/>
<i>Accumulated amortisation</i>	
At 1 September 2005	-
Charge for the year	14
	<hr/>
At 31 August 2006	14
	<hr/>
<i>Net book value</i>	
At 31 August 2006	1,371
	<hr/>
At 31 August 2005	-
	<hr/>

10 Investments

Company	Shares in group undertakings £000
Cost at 31 August 2005	11,634
Additions	-
Finalisation of consideration	(48)
	<hr/>
31 August 2006	11,586
	<hr/>

During the year Orchard School Limited and Orchard School Properties Limited were incorporated and the entire issued share capital acquired by the Company

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Notes (continued)

10 Investments (continued)

The Company holds more than 20% of the share capital of the following companies which are all registered in England and Wales

Name of undertaking	Proportion of voting rights held	Type of share capital	Principal activity
Aran Hall School Limited	100%	Ordinary	Specialist care and education for children and young people with autism, severe learning disabilities and associated challenging behaviour
Hanson Line Limited	100%	Ordinary	Management and holding company for Aran Hall School Limited
Tregynon Hall Limited	100%	Ordinary	Specialist care and education for young people who have previously experienced emotional pain, social and academic failure and rejection
Orchard School Limited	100%	Ordinary	Education and social care for young people on the severe autistic spectrum with learning difficulties and challenging behaviour
Orchard School Properties Limited	100%	Ordinary	Dormant

11 Debtors

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Trade debtors	1,235	1,115	-	-
Amounts owed by group undertakings	-	-	1,473	330
Corporation tax	-	25	-	-
Other debtors	60	57	55	50
Prepayments and accrued income	10	26	-	2
	<u>1,305</u>	<u>1,223</u>	<u>1,528</u>	<u>382</u>

12 Creditors: amounts falling due within one year

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Payments received on account	1,862	1,223	-	-
Trade creditors	35	35	-	-
Amounts owed to group undertakings	-	-	900	383
Amounts owed to other related companies	74	-	19	-
Amounts owed to Senad Investments Limited	12,790	-	12,790	-
Corporation tax	462	456	-	-
Taxation and social security	93	62	-	-
Other creditors	1	3,268	-	3,268
Accruals and deferred income	211	488	-	227
Deferred consideration	660	-	660	-
	<u>16,188</u>	<u>5,532</u>	<u>14,369</u>	<u>3,878</u>

Notes (continued)

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Bank loans	-	7,936	-	7,936
Deferred consideration	-	660	-	660
	<u>-</u>	<u>8,596</u>	<u>-</u>	<u>8,596</u>
<i>Analysis of loans</i>				
Wholly repayable within five years	-	2,233	-	2,233
Not wholly repayable within five years	-	6,363	-	6,363
	<u>-</u>	<u>8,596</u>	<u>-</u>	<u>8,596</u>
<i>Loan maturity analysis</i>				
In less than one year	12,790	-	12,790	-
In more than one year, but not more than two years	-	660	-	660
In more than two years, but not more than five years	-	1,573	-	1,573
In more than five years	-	6,363	-	6,363
	<u>12,790</u>	<u>8,596</u>	<u>12,790</u>	<u>8,596</u>

During the year ended 31 August 2006, the bank loans were repaid in full using proceeds from loans from Senad Investments Limited. The amounts owed to Senad Investments Limited are unsecured, interest free loans.

14 Provisions for liabilities and charges

Deferred tax	Group £000	
At 1 September 2005	18	
Movement in year (note 7)	1	
	<u>19</u>	
At 31 August 2006	19	
Deferred taxation provided comprises	2006 £000	2005 £000
Accelerated capital allowances	<u>19</u>	<u>18</u>

Notes (continued)

15 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
150,000 ordinary shares of £0.01 each	1,500	1,500
850,000 'A' ordinary shares of £0.01 each	8,500	8,500
	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
14,000 ordinary shares of £0.01 each	140	140
85,000 'A' ordinary shares of £0.01 each	850	850
	<u>990</u>	<u>990</u>

Class rights

All shares rank pari passu in all respects

16 Reserves

Group	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
Opening balance	28	144	28	(487)
Profit for the year	-	283	-	574
	<u>28</u>	<u>427</u>	<u>28</u>	<u>87</u>
At 31 August 2006	<u>28</u>	<u>427</u>	<u>28</u>	<u>87</u>

17 Reconciliation of movements in shareholder's funds/(deficit)

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
Profit/(loss) for the year	283	144	574	(487)
Issue of shares	-	29	-	29
	<u>283</u>	<u>173</u>	<u>574</u>	<u>(458)</u>
Net movement in shareholder's funds/(deficit)	283	173	574	(458)
Opening shareholder's funds/(deficit)	173	-	(458)	-
	<u>456</u>	<u>173</u>	<u>116</u>	<u>(458)</u>
Closing shareholder's funds/(deficit)	<u>456</u>	<u>173</u>	<u>116</u>	<u>(458)</u>

Notes (continued)

18 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £000	2005 £000
Operating profit	1,725	653
Depreciation charge	104	34
Amortisation of goodwill	575	261
Profit on disposal of fixed assets	-	(3)
(Increase)/decrease in debtors	(107)	307
(Decrease)/increase in creditors	465	(365)
	<hr/>	<hr/>
Net cash inflow from operating activities	2,762	887
	<hr/>	<hr/>

19 Analysis of cash flows for headings netted in the cash flow statement

	2006 £000	2005 £000
<i>Returns on investments and servicing of finance</i>		
Interest received	40	15
Interest paid	(1,093)	(250)
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(1,053)	(235)
	<hr/>	<hr/>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(2,014)	(59)
Fixed assets acquired on purchase of trade and assets	1,415	-
Proceeds of sale	-	132
	<hr/>	<hr/>
Net cash (outflow)/inflow for capital expenditure and financial investment	(599)	73
	<hr/>	<hr/>
<i>Acquisitions and disposals</i>		
Purchase of trade and assets (note 21)	(2,793)	(10,974)
Cash acquired with subsidiary	-	566
Finalisation of consideration	48	-
	<hr/>	<hr/>
Net cash outflow for acquisitions and disposals	(2,745)	(10,408)
	<hr/>	<hr/>
<i>Financing</i>		
Issue of ordinary share capital	-	29
New long term bank loan	-	7,936
Other new short term loans	-	3,249
Repayment of loans	(11,185)	-
New group loans	12,790	-
	<hr/>	<hr/>
Net cash outflow from financing	1,605	11,214
	<hr/>	<hr/>

Notes (continued)

20 Analysis of changes in net debt

	1 Sep 05 £000	Cash flows £000	Other non- cash changes £000	31 Aug 06 £000
Cash at bank and in hand	1,531	(403)	-	1,128
Long term bank loans	(7,936)	7,936	-	-
Other loans less than one year	(660)	-	-	(660)
Other short term loans	(3,249)	3,249	-	-
Loans from related company	-	(12,790)	-	(12,790)
	<u>(10,314)</u>	<u>(2,008)</u>	<u>-</u>	<u>(12,322)</u>

21 Acquisitions

On 28 February 2006 the Company acquired the land and buildings of the Orchard School and Orchard School Limited acquired the trade and remaining assets. The resulting goodwill of £1,378,000 was capitalised and will be written off over 20 years.

	£000
Consideration paid	2,793
Fair value of fixed assets acquired – land and buildings	(1,385)
- fixtures and fittings	(30)
	<u>1,378</u>
Goodwill on acquisition	

22 Capital and other commitments

At the end of the year there was capital expenditure contracted for but not provided of £400,000 (2005 £nil)

23 Financial commitments

At 31 August, the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006 £000	2005 £000	2006 £000	2005 £000
Operating leases expiring				
- within one year	-	3	1	3
- between two and five years	-	6	20	6
	<u>-</u>	<u>9</u>	<u>21</u>	<u>9</u>

The Company had no financial commitments (2005 £nil)

Notes (continued)

24 Contingent liabilities

Neither the Group nor the Company have any contingent liabilities at 31 August 2006 (2005 £nil)

25 Related party transactions

Group

The Company has taken advantage of the exemption contained with in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities that form part of the Group

Senad Investments Limited is the immediate parent company of the Company During the year the Company entered into an inter-company loan arrangement At the year end the balance due to Senad Investments Limited was £12,790,000 (2005 nil)

Senad Group Limited is a fellow subsidiary of Senad Investments Limited During the year transactions were entered into between the Company and its subsidiaries and Senad Group Limited and its subsidiaries

At 31 August 2006 the following balances were outstanding

Senad Holdings Limited owed £19,000 (2005 £19,000) to Senad Limited

Tregynon Hall Limited owed £5,000 (2005 £3,000) to Rowden House School Limited and £26,000 (2005 nil) to Senad Limited

Orchard School Limited owed £16,000 (2005 nil) to Senad Limited

Aran Hall School Limited owed £8,000 (2005 nil) to Senad Limited

26 Ultimate parent company

On 5 July 2006, the Group together with Senad Group Limited were acquired by Senad Equity Limited which is now the ultimate parent company The ultimate controlling party of the Group is Delta Commercial Property LP

The largest group in which the results of the Company are consolidated is that headed by Senad Equity Limited