

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
PRIME EDUCATION & TRAINING LIMITED**

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PRIME EDUCATION & TRAINING LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2010**

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PRIME EDUCATION & TRAINING LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS:

N F Pamplin
A G Hutchinson
A W Green

SECRETARY:

A W Green

REGISTERED OFFICE:

Unit N3
The Old Market
Upper Market Street
Hove
East Sussex
BN3 1AS

REGISTERED NUMBER:

06198271 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

BARRY C CARDEN FCCA

AUDITORS:

Cardens Accountants LLP
Registered Auditors
73 Church Road
Hove
East Sussex
BN3 2BB

PRIME EDUCATION & TRAINING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2010.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of international education under its brand name Kings Colleges.

REVIEW OF BUSINESS

The results for the year and financial position of the group are as shown in the annexed financial statements

The group operated three international colleges in the UK offering academic programmes (eg A Levels and Foundation programmes) as well as a wide range of English language programmes throughout the year. It also operated 2 summer camps for junior students. The company sourced its students from over 65 markets around the world including S America, Africa, Europe and Asia recruited mostly through a range of educational agencies but also directly from its own marketing channels

In what was the second full year of trading for the parent company the directors were very satisfied with the group performance. Revenues were up over 18% on previous year. The growth in revenues was driven by a mixture of increased volumes, rationalisation of the pricing structure and an expanded product range. Volumes were however negatively affected to some degree by the worldwide recession and impact of possible government legislation over the introduction of restrictions to the granting of student visas

As well as the increase in revenues, the key performance indicator for the year was that operating profits were on budget and increased by 23% on the previous year. Added to this gross margin was ahead of budget and overheads were well maintained. Added to this overall client satisfaction was high and exam results excellent across the schools

The expansion of revenues allowed the group to invest into the business, particularly into its sales and marketing activity

The results for the year incorporate the acquisition of Human International Academy Inc, a school at Newport Beach, United States of America. This entity reported a loss this year which dampened the operating profit of the group. However it is expected to turn profitable in the year 2012

Despite the worldwide recession the international student market to the UK remained relatively strong with sponsored students from the Royal Embassy of Saudi Arabia providing a very strong source of business to the UK as a whole. The group also expanded its business from most of the key source markets.

In summary it was a strong year for the group with it reaching all of its financial and most of its strategic targets

PRIME EDUCATION & TRAINING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

Principal risks and uncertainties

Any restriction to travel continues to cause uncertainty in a business that relies on the travel industry to carry its customers to the source destination. A further outbreak of Swine Flu can cause irritants whilst terrorist acts can always impact on travel plans of prospective customers.

Ongoing UK government reviews of regulation connected to student study visas continues to cause much angst and uncertainty in the sector

The directors are confident however that the group's UK business will continue to show a significant increase in revenues and that their 5 year strategic plan is on track. As part of this plan the company's aims to diversify its portfolio and to become less reliant on the UK. In 2011 therefore the group aims to continue to open schools in the US.

Financial risk management objectives and policies

The group's principal financial instruments comprise of loans to the company, bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations

PRIME EDUCATION & TRAINING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

In respect of bank balances the group manages the risk by maintaining the correct balance for fees received for courses and trade creditors.

In respect of loans and overall liquidity risk the group ensures there are sufficient funds in place to meet the repayments

Trade debtors are managed in respect of credit and cash flow risk by monitoring future course bookings and payments made on a regular basis

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The group is exposed to interest rate risk on interest bearing loans and borrowings, due to the variable rate loan agreement in place. However the group regards this risk as low risk in the short term due to the current historic low base rates and the general view that these are unlikely to rise significantly in the foreseeable future

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report.

N F Pamplin
A G Hutchinson
A W Green

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

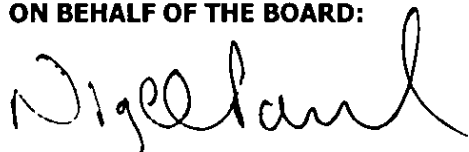
PRIME EDUCATION & TRAINING LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

AUDITORS

The auditors, Cardens Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Nigel Pamplin', written over a horizontal line.

N F Pamplin - Director

Date 13 June 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRIME EDUCATION & TRAINING LIMITED

We have audited the financial statements of Prime Education & Training Limited for the year ended 31 December 2010 on pages eight to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PRIME EDUCATION & TRAINING LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



BARRY C CARDEN FCCA (Senior Statutory Auditor)
for and on behalf of Cardens Accountants LLP
Statutory Auditors
73 Church Road
Hove
East Sussex
BN3 2BB

Date: 13/6/11

PRIME EDUCATION & TRAINING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	£	2009 £	£
TURNOVER			12,012,433		10,185,695
Cost of sales			<u>8,371,008</u>		<u>6,892,871</u>
GROSS PROFIT			3,641,425		3,292,824
Administrative expenses			<u>3,081,431</u>		<u>2,835,882</u>
			559,994		456,942
Other operating income			<u>34,174</u>		<u>24,059</u>
OPERATING PROFIT	3		594,168		481,001
Income from shares in group undertakings		8		-	
Interest receivable and similar income		<u>46</u>		<u>493</u>	
			<u>54</u>		<u>493</u>
			594,222		481,494
Interest payable and similar charges	4		<u>209,945</u>		<u>224,149</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			384,277		257,345
Tax on profit on ordinary activities	5		<u>172,532</u>		<u>54,930</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>211,745</u>		<u>202,415</u>

CONTINUING OPERATIONS

All of the group's activities were acquired during the current year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

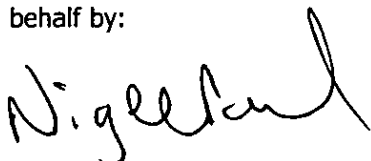
PRIME EDUCATION & TRAINING LIMITED

**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	7	2,490,405	2,386,685
Tangible assets	8	2,888,780	2,724,431
Investments	9	<u>-</u>	<u>-</u>
		5,379,185	5,111,116
CURRENT ASSETS			
Stocks	10	10,484	5,155
Debtors	11	977,785	1,250,250
Cash at bank and in hand		<u>1,358,542</u>	<u>381,524</u>
		2,346,811	1,636,929
CREDITORS			
Amounts falling due within one year	12	<u>4,158,389</u>	<u>3,116,135</u>
NET CURRENT LIABILITIES		<u>(1,811,578)</u>	<u>(1,479,206)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,567,607	3,631,910
CREDITORS			
Amounts falling due after more than one year	13	(3,225,163)	(3,387,891)
PROVISIONS FOR LIABILITIES	16	<u>(26,333)</u>	<u>(15,041)</u>
NET ASSETS		<u>316,111</u>	<u>228,978</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000	1,000
Profit and loss account	18	<u>315,111</u>	<u>227,978</u>
SHAREHOLDERS' FUNDS	21	<u>316,111</u>	<u>228,978</u>

Registered number: 06198271

The financial statements were approved by the Board of Directors on 13 June 2011 and were signed on its behalf by:



N F Pamplin - Director

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LIMITED

**COMPANY BALANCE SHEET
31 DECEMBER 2010**

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		2,144		2,144
Tangible assets	8		2,524,329		2,560,740
Investments	9		<u>2,430,115</u>		<u>2,430,115</u>
			4,956,588		4,992,999
CURRENT ASSETS					
Debtors	11	926,967		238,822	
Cash at bank and in hand		<u>174,009</u>		<u>10,145</u>	
		1,100,976		248,967	
CREDITORS					
Amounts falling due within one year	12	<u>2,678,231</u>		<u>1,813,410</u>	
NET CURRENT LIABILITIES			<u>(1,577,255)</u>		<u>(1,564,443)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,379,333		3,428,556
CREDITORS					
Amounts falling due after more than one year	13		<u>3,225,164</u>		<u>3,387,891</u>
NET ASSETS			<u>154,169</u>		<u>40,665</u>
CAPITAL AND RESERVES					
Called up share capital	17		1,000		1,000
Revaluation reserve	18		364,207		364,207
Profit and loss account	18		<u>(211,038)</u>		<u>(324,542)</u>
SHAREHOLDERS' FUNDS	21		<u>154,169</u>		<u>40,665</u>

Registered number: 06198271

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 13 June 2011 and were signed on its behalf by:


N F Pamplin - Director

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
Net cash (outflow)/inflow from operating activities	1	1,862,746	404,516
Returns on investments and servicing of finance	2	(209,891)	(223,656)
Taxation		(44,818)	(49,378)
Capital expenditure	2	<u>(402,729)</u>	<u>(236,028)</u>
		1,061,799	(104,546)
Financing	2	<u>(84,781)</u>	<u>(148,333)</u>
Increase in cash in the period		<u>977,018</u>	<u>(252,879)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Decrease in cash in the period		977,018	(252,879)
Cash outflow from decrease in debt		<u>162,728</u>	<u>70,002</u>
Change in net debt resulting from cash flows		<u>1,139,746</u>	<u>(182,877)</u>
Movement in net debt in the period		1,139,746	(182,877)
Net debt at 1 January		<u>(3,198,474)</u>	<u>(3,015,597)</u>
Net debt at 31 December		<u>(2,058,728)</u>	<u>(3,198,474)</u>

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	594,168	481,001
Depreciation charges	134,662	137,109
Increase in stocks	(5,329)	(1,654)
Decrease/(Increase) in debtors	656,199	(720,087)
(Decrease)/Increase in creditors	<u>483,044</u>	<u>508,147</u>
Net cash (outflow)/inflow from operating activities	<u>1,862,746</u>	<u>404,516</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	46	493
Interest paid	(209,945)	(224,149)
Dividends received	<u>8</u>	<u>-</u>
Net cash outflow for returns on investments and servicing of finance	<u>(209,891)</u>	<u>(223,656)</u>
Capital expenditure		
Purchase of intangible fixed assets	(103,720)	(2,144)
Purchase of tangible fixed assets	<u>(299,009)</u>	<u>(233,884)</u>
Net cash outflow for capital expenditure	<u>(402,729)</u>	<u>(236,028)</u>
Financing		
Amount withdrawn by directors	<u>(84,781)</u>	<u>(148,333)</u>
Net cash outflow from financing	<u>(84,781)</u>	<u>(148,333)</u>

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.10 £	Cash flow £	At 31.12.10 £
Net cash			
Cash at bank and in hand	<u>381,524</u>	<u>977,018</u>	<u>1,358,542</u>
	<u>381,524</u>	<u>977,018</u>	<u>1,358,542</u>
Debt:			
Debts falling due within one year	(192,107)	-	(192,107)
Debts falling due after one year	<u>(3,387,891)</u>	<u>162,728</u>	<u>(3,225,163)</u>
	<u>(3,579,998)</u>	<u>162,728</u>	<u>(3,417,270)</u>
Total	<u>(3,198,474)</u>	<u>1,139,746</u>	<u>(2,058,728)</u>

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets

Basis of consolidation

These financial statements have been prepared on the basis that the group will continue to be a going concern. If this assumption is not considered valid, then adjustments would need to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities

Turnover

Turnover represents net invoiced sales of services, excluding value added tax, at the point where the service is provided. Amounts invoiced during the year but where the service is provided after the year end are deferred

Goodwill

Goodwill represents the amount of consideration paid for the acquisition of the subsidiary companies less the fair value of the net assets of those subsidiaries at acquisition. The carrying value of goodwill is reviewed by the directors annually and any impairment arising during the year is charged to the profit and loss account in the year. It is the view of the directors that the goodwill need not be systematically amortised on the grounds that net recoverable value of the asset is in excess of the current net book value. This policy takes advantage of the exemption permitted per FRS 10 from amortising goodwill over a period of 20 years or less

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	- 2% on cost and 1% on cost
Short leasehold	- Over the life of the lease
Plant and machinery	- 25% on cost
Fixtures and fittings	- 20% on cost and 15% on reducing balance
Computer equipment	- 25% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

2. STAFF COSTS

	2010	2009
	£	£
Wages and salaries	3,198,156	3,038,409
Social security costs	319,374	176,611
Other pension costs	<u>25,909</u>	<u>13,496</u>
	<u>3,543,439</u>	<u>3,228,516</u>

The average monthly number of employees during the year was as follows:

	2010	2009
Teaching and administration	<u>197</u>	<u>190</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2010	2009
	£	£
Other operating leases	227,244	178,657
Depreciation - owned assets	134,662	137,109
Auditors' remuneration	<u>15,000</u>	<u>15,000</u>
Directors' remuneration	<u>355,174</u>	<u>297,218</u>

Information regarding the highest paid director is as follows:

	2010	2009
	£	£
Emoluments etc	<u>108,060</u>	<u>98,399</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank loan interest	211,267	224,149
Exchange rate difference	<u>(1,322)</u>	<u>-</u>
	<u>209,945</u>	<u>224,149</u>

PRIME EDUCATION & TRAINING LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010****5. TAXATION****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
UK corporation tax	157,297	41,587
Prior year taxation	<u>3,231</u>	<u>1,145</u>
Total current tax	160,528	42,732
Deferred tax	<u>12,004</u>	<u>12,198</u>
Tax on profit on ordinary activities	<u>172,532</u>	<u>54,930</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	<u>384,277</u>	<u>257,345</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 29%)	107,598	74,630
Effects of:		
Depreciation	28,279	28,793
Capital allowances	(40,736)	(13,703)
Other adjustments	<u>65,387</u>	<u>(46,988)</u>
Current tax charge	<u>160,528</u>	<u>42,732</u>

6 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £113,504 (2009 - £1,519)

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

7. INTANGIBLE FIXED ASSETS

Group

Goodwill
£

COST

At 1 January 2010

2,386,685

Additions

103,720

At 31 December 2010

2,490,405

NET BOOK VALUE

At 31 December 2010

2,490,405

At 31 December 2009

2,386,685

Company

Goodwill
£

COST

At 1 January 2010

and 31 December 2010

2,144

NET BOOK VALUE

At 31 December 2010

2,144

At 31 December 2009

2,144

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

8. TANGIBLE FIXED ASSETS

Group	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2010	2,501,317	21,376	40,654
Additions	-	150,334	20,378
At 31 December 2010	<u>2,501,317</u>	<u>171,710</u>	<u>61,032</u>
DEPRECIATION			
At 1 January 2010	25,013	-	25,346
Charge for year	<u>25,013</u>	<u>6,868</u>	<u>11,745</u>
At 31 December 2010	<u>50,026</u>	<u>6,868</u>	<u>37,091</u>
NET BOOK VALUE			
At 31 December 2010	<u>2,451,291</u>	<u>164,842</u>	<u>23,941</u>
At 31 December 2009	<u>2,476,304</u>	<u>21,376</u>	<u>15,308</u>
	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2010	258,066	129,582	2,950,995
Additions	<u>109,428</u>	<u>18,869</u>	<u>299,009</u>
At 31 December 2010	<u>367,494</u>	<u>148,451</u>	<u>3,250,004</u>
DEPRECIATION			
At 1 January 2010	135,650	40,553	226,562
Charge for year	<u>59,158</u>	<u>31,878</u>	<u>134,662</u>
At 31 December 2010	<u>194,808</u>	<u>72,431</u>	<u>361,224</u>
NET BOOK VALUE			
At 31 December 2010	<u>172,686</u>	<u>76,020</u>	<u>2,888,780</u>
At 31 December 2009	<u>122,416</u>	<u>89,029</u>	<u>2,724,433</u>

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

8. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2010	2,501,317	12,546	86,024	2,599,887
Additions	-	6,169	4,879	11,048
At 31 December 2010	<u>2,501,317</u>	<u>18,715</u>	<u>90,903</u>	<u>2,610,935</u>
DEPRECIATION				
At 1 January 2010	25,013	2,031	12,102	39,146
Charge for year	<u>25,013</u>	<u>2,685</u>	<u>19,762</u>	<u>47,460</u>
At 31 December 2010	<u>50,026</u>	<u>4,716</u>	<u>31,864</u>	<u>86,606</u>
NET BOOK VALUE				
At 31 December 2010	<u>2,451,291</u>	<u>13,999</u>	<u>59,039</u>	<u>2,524,329</u>
At 31 December 2009	<u>2,476,304</u>	<u>10,515</u>	<u>73,922</u>	<u>2,560,741</u>

9. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 January 2010 and 31 December 2010	<u>2,430,115</u>
NET BOOK VALUE	
At 31 December 2010	<u>2,430,115</u>
At 31 December 2009	<u>2,430,115</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

KSEWM Limited

Nature of business Education

Class of shares.

Ordinary

%
holding
100 00

PRIME EDUCATION & TRAINING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2010

9. FIXED ASSET INVESTMENTS - continued

King's School of English (Wimborne Minster) Limited

Nature of business: Education

	%
Class of shares:	holding
Ordinary	100 00

Touchload Limited

Nature of business: Education

	%
Class of shares	holding
Ordinary	100 00

Gridward Limited

Nature of business Education

	%
Class of shares:	holding
Ordinary	100 00

KSE Tuition Limited

Nature of business: Education

	%
Class of shares:	holding
Ordinary	100.00

King's School of English (Tuition) Limited

Nature of business Education

	%
Class of shares	holding
Ordinary	100 00

Prime Education & Training, Inc

Nature of business Education Location United States of America

	%
Class of shares:	holding
Ordinary	100.00

United Language Schools Limited

Nature of business Education

	%
Class of shares:	holding
Ordinary	100.00

10 STOCKS

	Group	
	2010	2009
	£	£
Finished goods	<u>10,484</u>	<u>5,155</u>

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	594,051	982,216	-	-
Amounts owed by group undertakings	-	-	745,929	-
Other debtors	96,931	146,667	-	134,714
Directors' loan accounts	33,933	-	19,079	-
VAT	-	-	-	4
Prepayments	<u>252,870</u>	<u>121,367</u>	<u>161,959</u>	<u>104,104</u>
	<u>977,785</u>	<u>1,250,250</u>	<u>926,967</u>	<u>238,822</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts (see note 14)	192,107	192,107	192,107	192,107
Payments on account	1,109,814	645,657	-	-
Trade creditors	172,490	202,165	52,084	130,177
Amounts owed to group undertakings	-	-	2,023,801	1,063,189
Tax	159,534	43,824	-	3,080
Social security and other taxes	74,722	60,805	6,430	3,646
VAT	20,528	16,154	-	-
Other creditors	166,457	111,138	-	32,577
Directors' loan accounts	-	50,848	-	50,848
Deferred income	1,735,585	1,379,318	-	-
Accrued expenses	<u>527,152</u>	<u>414,119</u>	<u>403,809</u>	<u>337,786</u>
	<u>4,158,389</u>	<u>3,116,135</u>	<u>2,678,231</u>	<u>1,813,410</u>

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans (see note 14)	<u>3,225,163</u>	<u>3,387,891</u>	<u>3,225,164</u>	<u>3,387,891</u>

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

14 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>192,107</u>	<u>192,107</u>	<u>192,107</u>	<u>192,107</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>192,106</u>	<u>192,106</u>	<u>192,107</u>	<u>192,106</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>576,318</u>	<u>576,318</u>	<u>576,318</u>	<u>576,318</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>2,456,739</u>	<u>2,619,467</u>	<u>2,456,739</u>	<u>2,619,467</u>

15. SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	<u>3,417,270</u>	<u>3,579,998</u>	<u>3,417,271</u>	<u>3,579,998</u>

The bank loan is secured by way of debenture over the assets of the Company

16 PROVISIONS FOR LIABILITIES

	Group	
	2010	2009
	£	£
Deferred tax	<u>26,333</u>	<u>15,041</u>

PRIME EDUCATION & TRAINING LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

16. PROVISIONS FOR LIABILITIES - continued

Group	Deferred tax £
Balance at 1 January 2010	15,041
Accelerated capital allowances	11,292
	<hr/>
Balance at 31 December 2010	<u>26,333</u>

17. CALLED UP SHARE CAPITAL

Allotted and issued Number	Class:	Nominal value	2010 £	2009 £
300	Ordinary A	£1	300	300
300	Ordinary B	£1	300	300
200	Ordinary C	£1	200	200
200	Ordinary D	£1	<u>200</u>	<u>200</u>
			<u>1,000</u>	<u>1,000</u>

18. RESERVES

Group	Profit and loss account £
At 1 January 2010	103,366
Profit for the year	<u>211,745</u>
At 31 December 2010	<u>315,111</u>

PRIME EDUCATION & TRAINING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2010

18. RESERVES - continued

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2010	(324,542)	364,207	39,665
Profit for the year	<u>113,504</u>	<u> </u>	<u>113,504</u>
At 31 December 2010	<u>(211,038)</u>	<u>364,207</u>	<u>153,169</u>

19 RELATED PARTY DISCLOSURES

At the balance sheet date, N F Pamplin, a director, owed £1,225 to the company. This loan is interest free and repayable on demand.

At the balance sheet date, A W Green, a director, owed £16,685 to the company. This loan is interest free and repayable on demand.

At the balance sheet date, A G Hutchinson, a director, owed £1,169 to the company. This loan is interest free and repayable on demand.

Prime Education and Training Limited controls King's School of English (Tuition) Limited, King's School of English (Wimborne Minster) Limited, KSEWM Limited, KSE Tuition Limited, Touchload Limited, United Language Schools Limited, Gridward Limited and King's School of English (Management) Limited.

The group has taken advantage of the exemption available per FRS 8 not to disclose related party transactions within the group on the grounds that consolidated accounts are prepared and the accounts are publicly available.

20 ULTIMATE CONTROLLING PARTY

The company was controlled throughout the period by the directors by virtue of their 80% shareholding.

PRIME EDUCATION & TRAINING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2010

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010 £	2009 £
Profit for the financial year	211,745	202,415
Share capital	<u>1,000</u>	<u>1,000</u>
Net addition to shareholders' funds	212,745	203,415
Opening shareholders' funds	103,366	26,563
Prior year adjustment	-	(126,612)
Closing shareholders' funds	<u>316,111</u>	<u>103,366</u>

Company

	2010 £	2009 £
Profit for the financial year	113,504	1,519
Share capital	<u> </u>	<u> </u>
Net addition to shareholders' funds	113,504	1,519
Opening shareholders' funds	<u>40,665</u>	<u>39,146</u>
Closing shareholders' funds	<u>154,169</u>	<u>40,665</u>

22. ACCOUNTING BASIS

As stated in the accounting policy note, these financial statements have been prepared on the basis that the group will continue to be a going concern. Current liabilities exceeded current assets by £1,811,578.

The validity of this basis depends upon the continued support of the group's directors and bankers. The directors confirm that they will give the required support and that they are not aware of any reason why the bank's support should not be forthcoming.