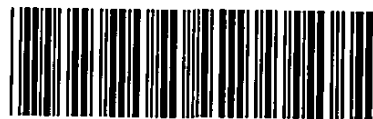


**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
PRIME EDUCATION & TRAINING LIMITED**

THURSDAY



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PRIME EDUCATION & TRAINING LTD

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FOR THE YEAR ENDED 31 DECEMBER 2011**

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PRIME EDUCATION & TRAINING LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011**

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 LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011.

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 4 summer camps for junior students. The company sourced its students from over 75 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 third full year of trading for the parent company the directors were very satisfied with the group performance. Revenues were up 36% on previous year. The growth in revenues was driven by a mixture of increased volumes and an expanded product range. Overall client satisfaction was high and exam results excellent across the schools. In Oxford the company opened two newly refurbished city centre teaching sites which significantly increased the capacity of the college.

Despite the worldwide recession the international student market to the UK remained relatively strong. The group also expanded its business from most of the key source markets.

Development of the US business continued during the financial year, and it is anticipated that in 2012 restructuring of the US division will be completed, and that this division will commence generating significant revenue streams to the group, through international colleges and summer camps located in the US.

Preparatory work commenced in the financial year for the proposed accreditation of the UK colleges by OFSTED. It is anticipated that the UK colleges will be registered as independent schools in 2012, which will greatly improve the stature of the colleges, enhance student recruitment and improve student outcomes.

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

Key performance indicators

	2011	2010	Increase
	£'000	£'000	%
Turnover	16,373	12,012	36
Gross profit	4,693	3,641	29
Profit before taxation	879	384	129

Principal risks and uncertainties

The ongoing uncertainty over the UK government policies to the country's student visa system continues to be a concern in the sector. The Euro crisis is also likely to have some impact on recruitment for short term summer courses as families across Southern Europe in particular have less funds available for such spend.

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.

PRIME EDUCATION & TRAINING LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

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

The total distribution of dividends for the year ended 31 December 2011 is £121,526.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 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

PRIME EDUCATION & TRAINING LTD

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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.

AUDITORS

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

ON BEHALF OF THE BOARD:


.....
N F Pamplin, Director

Date: ... 12/07/12

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

We have audited the financial statements of Prime Education & Training Ltd for the year ended 31 December 2011 on pages seven to twenty two. 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 three, 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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 LTD**

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. . 12/7/12.....

PRIME EDUCATION & TRAINING LTD

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £	2010 £
TURNOVER		16,373,449	12,012,433
Cost of sales		<u>11,680,322</u>	<u>8,371,008</u>
GROSS PROFIT		4,693,127	3,641,425
Administrative expenses		<u>3,947,059</u>	<u>3,081,431</u>
		746,068	559,994
Other operating income		<u>237,607</u>	<u>34,172</u>
OPERATING PROFIT	3	983,675	594,166
Interest receivable and similar income		<u>9</u>	<u>54</u>
		983,684	594,220
Interest payable and similar charges	4	<u>104,431</u>	<u>209,945</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		879,253	384,275
Tax on profit on ordinary activities	5	<u>175,095</u>	<u>172,532</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u>704,158</u>	<u>211,743</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 LTD


**CONSOLIDATED BALANCE SHEET
31 DECEMBER 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	8	2,490,405	2,490,405
Tangible assets	9	3,521,352	2,888,776
Investments	10	-	-
		<u>6,011,757</u>	<u>5,379,181</u>
CURRENT ASSETS			
Stocks	11	14,019	10,484
Debtors	12	1,927,829	977,787
Cash at bank and in hand		<u>1,605,351</u>	<u>1,358,542</u>
		3,547,199	2,346,813
CREDITORS			
Amounts falling due within one year	13	<u>5,592,937</u>	<u>4,158,389</u>
NET CURRENT LIABILITIES		<u>(2,045,738)</u>	<u>(1,811,576)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,966,019	3,567,605
CREDITORS			
Amounts falling due after more than one year	14	(3,008,009)	(3,225,163)
PROVISIONS FOR LIABILITIES	17	<u>(59,269)</u>	<u>(26,333)</u>
NET ASSETS		<u>898,741</u>	<u>316,109</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Profit and loss account	19	<u>897,741</u>	<u>315,109</u>
SHAREHOLDERS' FUNDS	22	<u>898,741</u>	<u>316,109</u>

The financial statements were approved by the Board of Directors on
were signed on its behalf by:

12/07/12

.. and


N F Pamplin - Director

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LTD

**COMPANY BALANCE SHEET
31 DECEMBER 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	8	2,144	2,144
Tangible assets	9	2,481,623	2,524,328
Investments	10	<u>2,430,115</u>	<u>2,430,115</u>
		4,913,882	4,956,587
CURRENT ASSETS			
Debtors	12	1,228,179	926,968
Cash at bank and in hand		<u>372,588</u>	<u>174,009</u>
		1,600,767	1,100,977
CREDITORS			
Amounts falling due within one year	13	<u>2,822,323</u>	<u>2,678,231</u>
NET CURRENT LIABILITIES		<u>(1,221,556)</u>	<u>(1,577,254)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,692,326	3,379,333
CREDITORS			
Amounts falling due after more than one year	14	<u>3,008,009</u>	<u>3,225,164</u>
NET ASSETS		<u>684,317</u>	<u>154,169</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Revaluation reserve	19	364,207	364,207
Profit and loss account	19	<u>319,110</u>	<u>(211,038)</u>
SHAREHOLDERS' FUNDS	22	<u>684,317</u>	<u>154,169</u>

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 12/07/12 and were signed on its behalf by


N F Pampin - Director

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LTD

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	1,090,566	1,719,237
Returns on investments and servicing of finance	2	94,894	(209,891)
Taxation		(183,603)	(44,818)
Capital expenditure and financial investment	2	(864,743)	(402,729)
Equity dividends paid		<u>(121,526)</u>	<u>-</u>
		15,588	1,061,799
Financing	2	<u>231,221</u>	<u>(84,781)</u>
Increase in cash in the period		<u>246,809</u>	<u>977,018</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		246,809	977,018
Cash outflow from decrease in debt		<u>161,973</u>	<u>162,728</u>
Change in net debt resulting from cash flows		<u>408,782</u>	<u>1,139,746</u>
Movement in net debt in the period		408,782	1,139,746
Net debt at 1 January		<u>(2,058,728)</u>	<u>(3,198,474)</u>
Net debt at 31 December		<u>(1,649,946)</u>	<u>(2,058,728)</u>

The notes form part of these financial statements

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	784,359	594,166
Depreciation charges	226,854	134,662
Loss on disposal of fixed assets	5,313	-
Increase in stocks	(3,535)	(5,329)
(Increase)/decrease in debtors	(1,504,912)	306,396
Increase in creditors	<u>1,582,487</u>	<u>689,342</u>
Net cash inflow from operating activities	<u>1,090,566</u>	<u>1,719,237</u>

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	9	46
Interest paid	(104,431)	(209,945)
Dividends received	<u>199,316</u>	<u>8</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>94,894</u>	<u>(209,891)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(103,720)
Purchase of tangible fixed assets	(859,430)	(299,009)
Sale of fixed asset investments	<u>(5,313)</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>(864,743)</u>	<u>(402,729)</u>
Financing		
Loan repayments in year	160,973	-
Amount introduced by directors	187,695	-
Amount withdrawn by directors	<u>(117,447)</u>	<u>(84,781)</u>
Net cash inflow/(outflow) from financing	<u>231,221</u>	<u>(84,781)</u>

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 11 £	Cash flow £	At 31 12.11 £
Net cash:			
Cash at bank and in hand	<u>1,358,542</u>	<u>246,809</u>	<u>1,605,351</u>
	<u>1,358,542</u>	<u>246,809</u>	<u>1,605,351</u>
Debt:			
Debts falling due within one year	(192,107)	(55,181)	(247,288)
Debts falling due after one year	<u>(3,225,163)</u>	<u>217,154</u>	<u>(3,008,009)</u>
	<u>(3,417,270)</u>	<u>161,973</u>	<u>(3,255,297)</u>
Total	<u>(2,058,728)</u>	<u>408,782</u>	<u>(1,649,946)</u>

PRIME EDUCATION & TRAINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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.

PRIME EDUCATION & TRAINING LTD**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011****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

2. STAFF COSTS

	2011 £	2010 £
Wages and salaries	4,324,173	3,198,156
Social security costs	388,870	319,374
Other pension costs	<u>9,067</u>	<u>25,909</u>
	<u>4,722,110</u>	<u>3,543,439</u>

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

	2011	2010
Teaching and administration	<u>209</u>	<u>197</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2011 £	2010 £
Other operating leases	260,014	227,244
Depreciation - owned assets	226,854	134,664
Loss on disposal of fixed assets	5,313	-
Auditors' remuneration	<u>15,000</u>	<u>15,000</u>

Directors' remuneration	<u>379,497</u>	<u>355,174</u>
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Information regarding the highest paid director is as follows:

	2011 £	2010 £
Emoluments etc	<u>90,642</u>	<u>108,060</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank loan interest	106,771	211,267
Exchange rate difference	<u>(2,340)</u>	<u>(1,322)</u>
	<u>104,431</u>	<u>209,945</u>

PRIME EDUCATION & TRAINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2011

5 TAXATION

Analysis of the tax charge

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

	2011 £	2010 £
Current tax:		
UK corporation tax	142,159	157,297
Prior year taxation	-	<u>3,231</u>
Total current tax	142,159	160,528
Deferred tax	<u>32,936</u>	<u>12,004</u>
Tax on profit on ordinary activities	<u>175,095</u>	<u>172,532</u>

Factors affecting the tax charge

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

	2011 £	2010 £
Profit on ordinary activities before tax	<u>879,253</u>	<u>384,275</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.500% (2010 - 28%)	233,002	107,597
Effects of		
Depreciation	60,116	28,279
Capital allowances	(83,799)	(40,736)
Other adjustments	<u>(67,160)</u>	<u>65,388</u>
Current tax charge	<u>142,159</u>	<u>160,528</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 £651,674 (2010 - £113,504).

7. DIVIDENDS

	2011 £	2010 £
Ordinary shares of £1 each		
Final	<u>121,526</u>	<u>-</u>

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

8 INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2011	
and 31 December 2011	<u>2,490,405</u>
NET BOOK VALUE	
At 31 December 2011	<u>2,490,405</u>
At 31 December 2010	<u>2,490,405</u>

Company

	Goodwill £
COST	
At 1 January 2011	
and 31 December 2011	<u>2,144</u>
NET BOOK VALUE	
At 31 December 2011	<u>2,144</u>
At 31 December 2010	<u>2,144</u>

9 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 January 2011	2,501,317	171,710	61,032
Additions	<u>-</u>	<u>522,171</u>	<u>105,277</u>
At 31 December 2011	<u>2,501,317</u>	<u>693,881</u>	<u>166,309</u>
DEPRECIATION			
At 1 January 2011	50,027	6,868	37,092
Charge for year	<u>25,013</u>	<u>25,778</u>	<u>57,131</u>
At 31 December 2011	<u>75,040</u>	<u>32,646</u>	<u>94,223</u>
NET BOOK VALUE			
At 31 December 2011	<u>2,426,277</u>	<u>661,235</u>	<u>72,086</u>
At 31 December 2010	<u>2,451,290</u>	<u>164,842</u>	<u>23,940</u>

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

9. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2011	367,493	148,450	3,250,002
Additions	<u>203,750</u>	<u>28,232</u>	<u>859,430</u>
At 31 December 2011	<u>571,243</u>	<u>176,682</u>	<u>4,109,432</u>
DEPRECIATION			
At 1 January 2011	194,808	72,431	361,226
Charge for year	<u>80,580</u>	<u>38,352</u>	<u>226,854</u>
At 31 December 2011	<u>275,388</u>	<u>110,783</u>	<u>588,080</u>
NET BOOK VALUE			
At 31 December 2011	<u>295,855</u>	<u>65,899</u>	<u>3,521,352</u>
At 31 December 2010	<u>172,685</u>	<u>76,019</u>	<u>2,888,776</u>

Company

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2011	2,501,317	18,715	90,902	2,610,934
Additions	<u>-</u>	<u>609</u>	<u>6,204</u>	<u>6,813</u>
At 31 December 2011	<u>2,501,317</u>	<u>19,324</u>	<u>97,106</u>	<u>2,617,747</u>
DEPRECIATION				
At 1 January 2011	50,026	4,716	31,864	86,606
Charge for year	<u>25,013</u>	<u>3,784</u>	<u>20,721</u>	<u>49,518</u>
At 31 December 2011	<u>75,039</u>	<u>8,500</u>	<u>52,585</u>	<u>136,124</u>
NET BOOK VALUE				
At 31 December 2011	<u>2,426,278</u>	<u>10,824</u>	<u>44,521</u>	<u>2,481,623</u>
At 31 December 2010	<u>2,451,291</u>	<u>13,999</u>	<u>59,038</u>	<u>2,524,328</u>

PRIME EDUCATION & TRAINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2011

10. FIXED ASSET INVESTMENTS

Touchload Limited

Nature of business: Education

	%
Class of shares:	holding
Ordinary	100

King's School of English (Tuition) Limited

Nature of business: Education

	%
Class of shares:	holding
Ordinary	100

United Language Schools Limited

Nature of business: Education

	%
Class of shares:	holding
Ordinary	100

Prime Education & Training (USA) Inc

Nature of business: Education Location: United States of America

	%
Class of shares:	holding
Ordinary	100

11 STOCKS

	Group	
	2011	2010
	£	£
Finished goods	<u>14,019</u>	<u>10,484</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	1,130,116	594,051	-	-
Amounts owed by group undertakings	-	-	1,025,621	745,929
Other debtors	511,072	96,931	-	-
Directors' loan accounts	-	33,933	-	19,079
Prepayments	<u>286,641</u>	<u>252,872</u>	<u>202,558</u>	<u>161,960</u>
	<u>1,927,829</u>	<u>977,787</u>	<u>1,228,179</u>	<u>926,968</u>

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts (see note 15)	247,288	192,107	247,288	192,107
Payments on account	1,198,482	1,109,814	-	-
Trade creditors	206,210	172,490	69,990	52,084
Amounts owed to group undertakings	-	-	2,138,214	2,023,801
Tax	118,090	159,534	-	-
Social security and other taxes	113,025	74,722	13,870	6,430
VAT	22,112	20,528	-	-
Other creditors	249,239	166,457	-	-
Directors' loan accounts	36,315	-	-	-
Deferred income	2,894,657	1,735,585	-	-
Accrued expenses	<u>507,519</u>	<u>527,152</u>	<u>352,961</u>	<u>403,809</u>
	<u>5,592,937</u>	<u>4,158,389</u>	<u>2,822,323</u>	<u>2,678,231</u>

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans (see note 15)	<u>3,008,009</u>	<u>3,225,163</u>	<u>3,008,009</u>	<u>3,225,164</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>247,288</u>	<u>192,107</u>	<u>247,288</u>	<u>192,107</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	<u>247,288</u>	<u>192,106</u>	<u>247,288</u>	<u>192,107</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>741,865</u>	<u>576,318</u>	<u>741,865</u>	<u>576,318</u>
Amounts falling due in more than five years.				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>2,018,856</u>	<u>2,456,739</u>	<u>2,018,856</u>	<u>2,456,739</u>

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. SECURED DEBTS

The following secured debts are included within creditors.

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	<u>3,255,297</u>	<u>3,417,270</u>	<u>3,255,297</u>	<u>3,417,271</u>

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

17. PROVISIONS FOR LIABILITIES

	Group	
	2011	2010
	£	£
Deferred tax	<u>59,269</u>	<u>26,333</u>
Group		
		Deferred tax
		£
Balance at 1 January 2011		26,333
Accelerated capital allowances		<u>32,936</u>
Balance at 31 December 2011		<u>59,269</u>

18. CALLED UP SHARE CAPITAL

Allotted and issued*			2011	2010
Number	Class:	Nominal value*	£	£
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>

19. RESERVES

Group	
	Profit and loss account
	£
At 1 January 2011	315,109
Profit for the year	704,158
Dividends	<u>(121,526)</u>
At 31 December 2011	<u>897,741</u>

PRIME EDUCATION & TRAINING LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2011

19. RESERVES - continued

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2011	(211,038)	364,207	153,169
Profit for the year	651,674		651,674
Dividends	(121,526)		(121,526)
At 31 December 2011	<u>319,110</u>	<u>364,207</u>	<u>683,317</u>

20. RELATED PARTY DISCLOSURES

At the balance sheet date, N F Pamplin, a director, was owed £Nil (2010: £1,225) by the company

At the balance sheet date, A Green, a director, was owed £Nil (2010: £16,685) by the company

At the balance sheet date, A G Hutchinson, a director, was owed £Nil (2010: £1,169) by the company.

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

The directors of Prime Education and Training Limited have effective control of Kings Colleges (USA) Ltd, a company incorporated in USA. As at year end the following transactions and balances with the group had occurred:

£59,916 (2010: Nil) of income was received by the Prime group from Kings Colleges (USA) Ltd, all of which related to Prime Education & Training Limited.

£143,090 (2010: Nil) of expenditure was incurred by the Prime group from Kings Colleges (USA) Limited, none of which related to Prime Education & Training Limited

As at year end the Prime group was owed £325,479 (2010: Nil) by Kings Colleges (USA) Limited, of which £71,615 (2010: Nil) related to Prime Education & Training Limited

21. ULTIMATE CONTROLLING PARTY

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

PRIME EDUCATION & TRAINING LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2011 £	2010 £
Profit for the financial year	704,158	211,743
Dividends	(121,526)	-
Net addition to shareholders' funds	582,632	211,743
Opening shareholders' funds	<u>316,109</u>	<u>104,366</u>
Closing shareholders' funds	<u>898,741</u>	<u>316,109</u>

Company

	2011 £	2010 £
Profit for the financial year	651,674	113,504
Dividends	(121,526)	-
Net addition to shareholders' funds	530,148	113,504
Opening shareholders' funds	<u>154,169</u>	<u>40,665</u>
Closing shareholders' funds	<u>684,317</u>	<u>154,169</u>

23. 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 £2,045,738

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