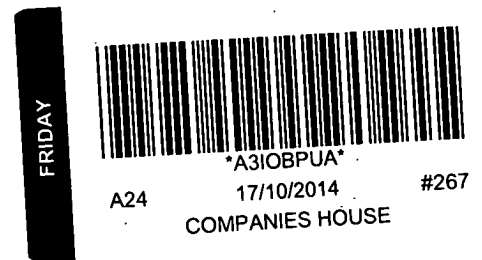


**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013  
FOR  
PRIME EDUCATION AND TRAINING LTD**



**PRIME EDUCATION AND TRAINING LTD**

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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**PRIME EDUCATION AND TRAINING LTD**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 AND TRAINING LTD**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their strategic report of the company and the group for the year ended 31 December 2013.

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the group are as shown in the annexed financial statements. Due to Kings Colleges (USA) Limited being directly owned by the directors of Prime Education & Training Limited, and not part of the otherwise established group structure these figures are not included in the consolidated accounts. For the purpose of these notes however the results of Kings Colleges (USA) Limited will be included to aid the understanding of the overall position of the Prime group of companies.

The group continued to operate 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 and two international colleges in the USA offering a similar selection of English language programmes. It also operated a number of summer camps for junior students in the UK and US. The Kings Pathways division now operates from 3 sites in the US and places international students in US universities and colleges. The company sourced its students from over 70 markets around the world including S America, Africa, Europe and Asia recruited mostly through a range of educational partners but also directly from its own marketing channels.

Revenues were up 36% on the previous year. The growth in revenues was driven by an increase in students on pre university courses in the UK as well as the impact of the new pathways division in the US.

Development of the US business continued during the financial year, and the restructuring of the US division has been completed. In 2013, this division contributed 25% of the group's turnover.

The three UK colleges' turnover significantly increased following registration as independent schools with the UK Department of Education during the previous year.

Operating costs again rose during the year primarily due to continuing investment by the company in developing its US business and extending its Sales and Marketing base to provide a platform for future growth and profitability.

Following the company's significant investment in sales and marketing in previous years the directors are confident that the company is poised to take advantage of its market position and will generate significant future profits.

#### **Key performance indicators (Per Prime Group of Companies Accounts)**

	2013	2012	Movement
	£'000	£'000	%
Turnover	26,265	19,887	32
Gross profit	5,481	4,826	14
Profit before taxation	450	269	67

#### **Key performance indicators (Including Kings Colleges (USA) Limited)**

	2013	2012	Movement
	£'000	£'000	%
Turnover	30,455	22,317	36
Gross profit	6,869	5,622	22
Profit before taxation	490	317	55

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

As anticipated, the company's business has not been significantly impacted by the introduction of the government's visa regime for international students. The on-going risk to confidence in world-wide travel through acts of terrorism remains a risk to the business a whole, but the company is confident that it devotes sufficient resources to minimise any risk in these two areas.

The directors are confident that the group's business will continue to show a significant increase in revenues and profitability. As part of this plan the company is continuing to implement its strategy of diversifying its portfolio and to become less reliant on the UK.

## **PRIME EDUCATION AND TRAINING LTD**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group's principal financial instruments comprise 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.

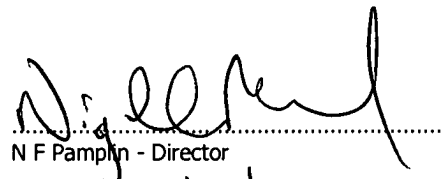
In respect of loans and overall liquidity risk the group ensures there are sufficient funds in place to meet the repayments.

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.

#### **ON BEHALF OF THE BOARD:**



.....  
N F Pamplin - Director

Date: 14/10/14 .....

## **PRIME EDUCATION AND TRAINING LTD**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2013.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of international education under its brand name Kings Colleges. The directors are pleased to announce that the brand name will shortly be changing to that of Kings Education, a significant step forward in the group's history.

#### **DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2013 will be £355,864.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2013 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.

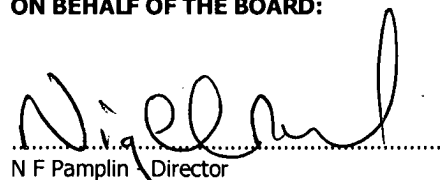
#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

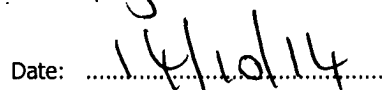
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

#### **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:   
.....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRIME EDUCATION AND TRAINING LTD**

We have audited the financial statements of Prime Education And Training Ltd for the year ended 31 December 2013 on pages six to twenty four. 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. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

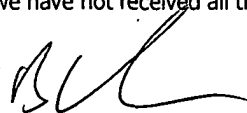
### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **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  
Registered Auditors  
73 Church Road  
Hove  
East Sussex  
BN3 2BB

Date: 14/10/14

**PRIME EDUCATION AND TRAINING LTD**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>TURNOVER</b>		26,264,732	19,886,906
Cost of sales		20,783,407	15,060,791
<b>GROSS PROFIT</b>		5,481,325	4,826,115
Administrative expenses		5,635,724	4,717,621
		(154,399)	108,494
Other operating income		748,683	246,965
<b>OPERATING PROFIT</b>		594,284	355,459
Interest receivable and similar income		39	2,211
		594,323	357,670
Interest payable and similar charges	3	144,078	88,179
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	450,245	269,491
Tax on profit on ordinary activities	5	122,943	60,472
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		327,302	209,019

**CONTINUING OPERATIONS**

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

The notes form part of these financial statements



**PRIME EDUCATION AND TRAINING LTD**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	327,302	209,019
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	327,302	<u>209,019</u>
Prior year adjustment	Note 8	
	<u>(61,283)</u>	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>	<u>266,019</u>	

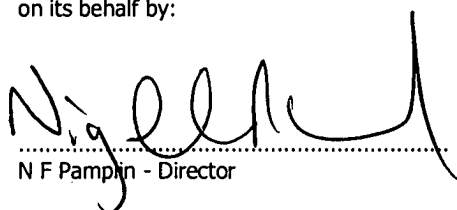
The notes form part of these financial statements

**PRIME EDUCATION AND TRAINING LTD (REGISTERED NUMBER: 06198271)**

**CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2013**

	Notes	£	2013	£	£	2012	£
<b>FIXED ASSETS</b>							
Intangible assets	9			2,617,132			2,617,132
Tangible assets	10			6,613,297			5,099,490
Investments	11			-			50,676
				<u>9,230,429</u>			<u>7,767,298</u>
<b>CURRENT ASSETS</b>							
Stocks	12		19,201			6,508	
Debtors	13		3,444,165			2,480,656	
Cash at bank and in hand			<u>2,373,161</u>			<u>1,041,365</u>	
			5,836,527			3,528,529	
<b>CREDITORS</b>							
Amounts falling due within one year	14		<u>10,364,247</u>			<u>7,475,185</u>	
<b>NET CURRENT LIABILITIES</b>				<u>(4,527,720)</u>			<u>(3,946,656)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				4,702,709			3,820,642
<b>CREDITORS</b>							
Amounts falling due after more than one year	15			(3,194,523)			(2,935,241)
<b>PROVISIONS FOR LIABILITIES</b>	18			<u>(35,036)</u>			<u>(27,100)</u>
<b>NET ASSETS</b>				<u>1,473,150</u>			<u>858,301</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	19			1,000			1,000
Revaluation reserve	20			485,214			-
Profit and loss account	20			<u>986,936</u>			<u>857,301</u>
<b>SHAREHOLDERS' FUNDS</b>	24			<u>1,473,150</u>			<u>858,301</u>

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

  
N F Pamplin - Director

The notes form part of these financial statements

**PRIME EDUCATION AND TRAINING LTD (REGISTERED NUMBER: 06198271)**

**COMPANY BALANCE SHEET  
31 DECEMBER 2013**

	Notes	£	2013	£	2012	£
<b>FIXED ASSETS</b>						
Intangible assets	9			2,144		2,144
Tangible assets	10			4,412,114		3,267,299
Investments	11			2,430,115		2,430,115
				<u>6,844,373</u>		<u>5,699,558</u>
<b>CURRENT ASSETS</b>						
Debtors	13	586,990		290,469		
Cash at bank and in hand		<u>51,394</u>		<u>71,435</u>		
		638,384		361,904		
<b>CREDITORS</b>						
Amounts falling due within one year	14	<u>3,391,834</u>		<u>2,690,887</u>		
<b>NET CURRENT LIABILITIES</b>				<u>(2,753,450)</u>		<u>(2,328,983)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				4,090,923		3,370,575
<b>CREDITORS</b>						
Amounts falling due after more than one year	15			<u>3,194,523</u>		<u>2,935,241</u>
<b>NET ASSETS</b>				<u>896,400</u>		<u>435,334</u>
<b>CAPITAL AND RESERVES</b>						
Called up share capital	19			1,000		1,000
Revaluation reserve	20			849,421		364,207
Profit and loss account	20			<u>45,979</u>		<u>70,127</u>
<b>SHAREHOLDERS' FUNDS</b>	24			<u>896,400</u>		<u>435,334</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 7 August 2014 and were signed on its behalf by:

N F Pamplin - Director

**PRIME EDUCATION AND TRAINING LTD**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	£	2013	£	£	2012	£
<b>Net cash inflow from operating activities</b>	1			2,727,657		2,160,926	
<b>Returns on investments and servicing of finance</b>	2			(144,039)		(85,968)	
<b>Taxation</b>				(35,042)		(210,310)	
<b>Capital expenditure and financial investment</b>	2			(1,355,692)		(1,994,147)	
<b>Equity dividends paid</b>				(355,864)		(179,807)	
				837,020		(309,306)	
<b>Financing</b>	2			494,776		(254,680)	
<b>Increase/(decrease) in cash in the period</b>				<u>1,331,796</u>		<u>(563,986)</u>	

**Reconciliation of net cash flow to movement in net debt**

	3						
Increase/(decrease) in cash in the period		1,331,796		(563,986)			
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(313,980)</u>		<u>160,027</u>			
Change in net debt resulting from cash flows			1,017,816		(403,959)		
<b>Movement in net debt in the period</b>			1,017,816		(403,959)		
<b>Net debt at 1 January</b>			<u>(2,053,905)</u>		<u>(1,649,946)</u>		
<b>Net debt at 31 December</b>			<u>(1,036,089)</u>		<u>(2,053,905)</u>		

The notes form part of these financial statements

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	2013 £	2012 £
Operating profit	594,284	355,459
Depreciation charges	380,176	238,607
(Increase)/decrease in stocks	(12,693)	7,511
Increase in debtors	(988,509)	(527,827)
Increase in creditors	2,754,399	2,087,176
<b>Net cash inflow from operating activities</b>	<b>2,727,657</b>	<b>2,160,926</b>

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

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	39	2,211
Interest paid	(144,078)	(88,179)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(144,039)</b>	<b>(85,968)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(126,727)
Purchase of tangible fixed assets	(1,408,152)	(1,816,744)
Purchase of fixed asset investments	-	(50,676)
Sale of fixed asset investments	52,460	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(1,355,692)</b>	<b>(1,994,147)</b>
<b>Financing</b>		
New loans in year	498,635	-
Loan repayments in year	(184,655)	(160,027)
Amount introduced by directors	25,000	-
Amount withdrawn by directors	-	(25,000)
FX reserves movement	17,809	(1,333)
Prior year adjustment	137,987	(68,320)
<b>Net cash inflow/(outflow) from financing</b>	<b>494,776</b>	<b>(254,680)</b>

The notes form part of these financial statements

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.13 £	Cash flow £	At 31.12.13 £
Net cash:			
Cash at bank and in hand	1,041,365	1,331,796	2,373,161
	<u>1,041,365</u>	<u>1,331,796</u>	<u>2,373,161</u>
Debt:			
Debts falling due within one year	(160,029)	(54,698)	(214,727)
Debts falling due after one year	<u>(2,935,241)</u>	<u>(259,282)</u>	<u>(3,194,523)</u>
	<u>(3,095,270)</u>	<u>(313,980)</u>	<u>(3,409,250)</u>
Total	<u>(2,053,905)</u>	<u>1,017,816</u>	<u>(1,036,089)</u>

The notes form part of these financial statements

## PRIME EDUCATION AND TRAINING LTD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 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
Freehold land	- not provided and Over the life of the lease
Fixtures and fittings	- 20% on cost
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 taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

##### **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.

##### **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 AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**2. STAFF COSTS**

	2013 £	2012 £
Wages and salaries	7,333,166	6,020,499
Social security costs	39,992	28,053
Other pension costs	10,372	7,557
	<u>7,383,530</u>	<u>6,056,109</u>

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

	2013	2012
Teaching and administration	<u>376</u>	<u>231</u>

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013 £	2012 £
Bank interest	12,124	-
Bank loan interest	88,942	83,385
Exchange rate difference	34,084	4,794
Other interest payable	8,928	-
	<u>144,078</u>	<u>88,179</u>

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities is stated after charging:

	2013 £	2012 £
Other operating leases	640,668	361,475
Depreciation - owned assets	379,559	238,606
Auditors' remuneration	39,100	37,850
	<u>1,059,327</u>	<u>637,931</u>
Directors' remuneration	<u>138,632</u>	<u>160,509</u>

**5. TAXATION**

**Analysis of the tax charge**

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

	2013 £	2012 £
Current tax:		
UK corporation tax	80,387	422
Prior year taxation	-	92,220
US taxes	34,620	-
Total current tax	<u>115,007</u>	<u>92,642</u>
Deferred tax	<u>7,936</u>	<u>(32,170)</u>
Tax on profit on ordinary activities	<u>122,943</u>	<u>60,472</u>



**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. TAXATION - continued**

**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:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>450,245</u>	<u>269,491</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 - 20%)	90,049	53,898
Effects of:		
Depreciation	75,122	47,925
Capital allowances	(84,259)	(48,085)
Prior year underprovision of taxation	-	92,220
Prior year adjustments	-	(14,690)
Other adjustments	11,575	(38,626)
US tax adjustment	(2,297)	-
Consolidation tax adjustment	<u>24,817</u>	<u>-</u>
Current tax charge	<u>115,007</u>	<u>92,642</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 £54,171 (2012 - £(10,419) loss).

**7. DIVIDENDS**

	2013 £	2012 £
Ordinary A shares of £1 each		
Final	<u>355,864</u>	<u>179,807</u>

**8. PRIOR YEAR ADJUSTMENT**

This amount comprised VAT owed to Kings Colleges Limited in respect of prior years.

There is an additional net amount disclosed of £137,987 in reserves note 20. This amount comprised an historic underpayment of VAT by United Language Schools Limited and a redress to compensate for the mis-selling of a hedging product to Prime Education & Training Limited.

**9. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 1 January 2013 and 31 December 2013	<u>2,536,515</u>	<u>80,617</u>	<u>2,617,132</u>
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>2,536,515</u>	<u>80,617</u>	<u>2,617,132</u>
At 31 December 2012	<u>2,536,515</u>	<u>80,617</u>	<u>2,617,132</u>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**9. INTANGIBLE FIXED ASSETS - continued**

<b>Company</b>	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2013	
and 31 December 2013	<u>2,144</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>2,144</u>
At 31 December 2012	<u>2,144</u>

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property £</b>	<b>Short leasehold £</b>	<b>Freehold land £</b>
<b>COST OR VALUATION</b>			
At 1 January 2013	3,293,845	1,134,737	-
Additions	660,993	395,427	-
Revaluations	385,162	-	-
Reclassification/transfer	(1,730,000)	-	1,730,000
At 31 December 2013	<u>2,610,000</u>	<u>1,530,164</u>	<u>1,730,000</u>
<b>DEPRECIATION</b>			
At 1 January 2013	100,053	97,062	-
Charge for year	-	83,097	-
Revaluation adjustments	(100,052)	-	-
At 31 December 2013	<u>1</u>	<u>180,159</u>	<u>-</u>
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>2,609,999</u>	<u>1,350,005</u>	<u>1,730,000</u>
At 31 December 2012	<u>3,193,792</u>	<u>1,037,675</u>	<u>-</u>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**10. TANGIBLE FIXED ASSETS - continued**

**Group**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2013	921,687	575,906	5,926,175
Additions	221,325	130,407	1,408,152
Revaluations	-	-	385,162
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,143,012	706,313	7,719,489
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 January 2013	360,529	269,041	826,685
Charge for year	173,138	123,324	379,559
Revaluation adjustments	-	-	(100,052)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	533,667	392,365	1,106,192
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 December 2013	609,345	313,948	6,613,297
	<hr/>	<hr/>	<hr/>
At 31 December 2012	561,158	306,865	5,099,490
	<hr/>	<hr/>	<hr/>

Cost or valuation at 31 December 2013 is represented by:

	Freehold property £	Short leasehold £	Freehold land £
Valuation in 2013	385,162	-	1,730,000
Cost	2,224,838	1,530,164	-
	<hr/>	<hr/>	<hr/>
	2,610,000	1,530,164	1,730,000
	<hr/>	<hr/>	<hr/>

	Fixtures and fittings £	Computer equipment £	Totals £
Valuation in 2013	-	-	2,115,162
Cost	1,143,012	706,313	5,604,327
	<hr/>	<hr/>	<hr/>
	1,143,012	706,313	7,719,489
	<hr/>	<hr/>	<hr/>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**10. TANGIBLE FIXED ASSETS - continued**

**Company**

	Freehold property £	Freehold land £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2013	3,293,845	-	22,797	141,379	3,458,021
Additions	660,993	-	-	27,785	688,778
Revaluations	385,162	-	-	-	385,162
Reclassification/transfer	(1,730,000)	1,730,000	-	-	-
At 31 December 2013	<u>2,610,000</u>	<u>1,730,000</u>	<u>22,797</u>	<u>169,164</u>	<u>4,531,961</u>
<b>DEPRECIATION</b>					
At 1 January 2013	100,052	-	12,740	77,930	190,722
Charge for year	-	-	4,559	24,618	29,177
Revaluation adjustments	(100,052)	-	-	-	(100,052)
At 31 December 2013	<u>-</u>	<u>-</u>	<u>17,299</u>	<u>102,548</u>	<u>119,847</u>
<b>NET BOOK VALUE</b>					
At 31 December 2013	<u>2,610,000</u>	<u>1,730,000</u>	<u>5,498</u>	<u>66,616</u>	<u>4,412,114</u>
At 31 December 2012	<u>3,193,793</u>	<u>-</u>	<u>10,057</u>	<u>63,449</u>	<u>3,267,299</u>

Cost or valuation at 31 December 2013 is represented by:

	Freehold property £	Freehold land £	Fixtures and fittings £	Computer equipment £	Totals £
Valuation in 2013	385,162	1,730,000	-	-	2,115,162
Cost	<u>2,224,838</u>	<u>-</u>	<u>22,797</u>	<u>169,164</u>	<u>2,416,799</u>
	<u>2,610,000</u>	<u>1,730,000</u>	<u>22,797</u>	<u>169,164</u>	<u>4,531,961</u>

Under FRS 15 the company is required to revalue the land and buildings every 5 years. Valuations are carried out by an external valuer - Savills UK Ltd who are RICS qualified.

The last valuation was carried out as at 31 December 2013. The land was valued at £1,730,000 and the buildings at £2,610,000.

# PRIME EDUCATION AND TRAINING LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2013

### 11. FIXED ASSET INVESTMENTS

#### **Touchload Limited**

Nature of business: Education

	%
Class of shares:	holding
Ordinary	100

#### **Kings Colleges 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) Limited**

Nature of business: Education      Location: United States of America

	%
Class of shares:	holding
Ordinary	100

#### **Kings Colleges (USA) LLC**

Nature of business: Education      Location: United States of America

	%
Class of shares:	holding
Ordinary	100

#### **Kings Colleges Boston LLC**

Nature of business: Education      Location: United States of America

	%
Class of shares:	holding
Ordinary	100

#### **Human International USA Co. Limited**

Nature of business: Education      Location: United States of America

	%
Class of shares:	holding
Ordinary	100

### 12. STOCKS

	<b>Group</b>	
	2013	2012
	£	£
Finished goods	<u>19,201</u>	<u>6,508</u>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,398,483	1,626,436	-	-
Amounts owed by group undertakings	-	130,078	-	-
Amounts owed by participating interests	89,115	176,238	-	-
Other debtors	363,705	149,590	314,014	7,500
Directors' loan accounts	-	25,000	-	25,000
Prepayments	497,223	350,030	272,976	257,969
	<u>3,348,526</u>	<u>2,457,372</u>	<u>586,990</u>	<u>290,469</u>
Amounts falling due after more than one year:				
Other debtors	<u>95,639</u>	<u>23,284</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>3,444,165</u>	<u>2,480,656</u>	<u>586,990</u>	<u>290,469</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts (see note 16)	214,727	160,029	214,727	160,029
Payments on account	3,540,637	1,547,348	-	-
Trade creditors	287,366	280,006	139,044	124,641
Amounts owed to group undertakings	-	-	2,856,684	2,356,100
Tax	80,387	422	57,887	422
Social security and other taxes	159,926	174,406	17,258	13,720
VAT	251,276	65,485	-	-
Other creditors	466,670	515,220	-	-
Deferred income	5,136,590	4,609,298	-	-
Accrued expenses	226,668	122,971	106,234	35,975
	<u>10,364,247</u>	<u>7,475,185</u>	<u>3,391,834</u>	<u>2,690,887</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2013	2012	2013	2012
	£	£	£	£
Bank loans (see note 16)	<u>3,194,523</u>	<u>2,935,241</u>	<u>3,194,523</u>	<u>2,935,241</u>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2013 £	2012 £	2013 £	2012 £
Amounts falling due within one year or on demand:				
Bank loans	<u>214,727</u>	<u>160,029</u>	<u>214,727</u>	<u>160,029</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>214,727</u>	<u>160,029</u>	<u>214,727</u>	<u>160,029</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>644,182</u>	<u>480,086</u>	<u>644,182</u>	<u>480,086</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>2,335,614</u>	<u>2,295,126</u>	<u>2,335,614</u>	<u>2,295,126</u>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	2013 £	2012 £	2013 £	2012 £
Bank loans	<u>3,409,250</u>	<u>3,095,270</u>	<u>3,409,250</u>	<u>3,095,270</u>

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

**18. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	2013 £	2012 £
Deferred tax	<u>35,036</u>	<u>27,100</u>
<b>Group</b>		
		Deferred tax £
Balance at 1 January 2013		27,100
Charge to the profit and loss		<u>7,936</u>
Balance at 31 December 2013		<u>35,036</u>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**19. CALLED UP SHARE CAPITAL**

Allotted and issued: Number:	Class:	Nominal value: £1	2013 £	2012 £
300	Ordinary A	£1	300	300
300	Ordinary B	£1	300	300
200	Ordinary C	£1	200	200
200	Ordinary D	£1	200	200
			<u>1,000</u>	<u>1,000</u>

**20. RESERVES**

**Group**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2013	918,584	-	918,584
Prior year adjustment	(61,283)	-	(61,283)
	<u>857,301</u>	<u>-</u>	<u>857,301</u>
Profit for the year	327,302	-	327,302
Dividends	(355,864)	-	(355,864)
Revaluation	-	485,214	485,214
Foreign currency translation a count	20,210	-	20,210
Prior year adjustment	137,987	-	137,987
	<u>986,936</u>	<u>485,214</u>	<u>1,472,150</u>

**Company**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2013	70,127	364,207	434,334
Profit for the year	54,171	-	54,171
Dividends	(355,864)	-	(355,864)
Revaluation	-	485,214	485,214
Prior year adjustment	277,545	-	277,545
	<u>45,979</u>	<u>849,421</u>	<u>895,400</u>

**21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 December 2013 and 31 December 2012:

	2013 £	2012 £
<b>A G Hutchinson</b>		
Balance outstanding at start of year	25,000	-
Amounts advanced	-	25,000
Amounts repaid	(25,000)	-
Balance outstanding at end of year	<u>-</u>	<u>25,000</u>



# PRIME EDUCATION AND TRAINING LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2013

### 21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

All loans are interest free and repayable on demand

### 22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group. Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

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

£615,119 (2012: £232,945) of income was received by the group from Kings Colleges (USA) Limited, none of which related to Prime Education & Training Limited.

As at year end, the group was owed £89,115 (2012: £306,255) by Kings Colleges (USA) Limited, none of which related to Prime Education & Training Limited

#### J A Flores

A shareholder of Prime Education & Training Limited

	2013 £	2012 £
Amount due to related party at the balance sheet date	-	54,346

### 23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is N Pamplin, A Hutchinson, A Green & J Flores.

This was by virtue of their 100% holding of the issued share capital.

### 24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### Group

	2013 £	2012 £
Profit for the financial year	327,302	209,019
Dividends	(355,864)	(179,807)
	(28,562)	29,212
FX translation account	20,210	(1,333)
Prior year adjustment	137,987	(68,320)
Revaluation in year	485,214	-
<b>Net addition/(reduction) to shareholders' funds</b>	<b>614,849</b>	<b>(40,441)</b>
Opening shareholders' funds (originally £919,584 before prior year adjustment of £(61,283))	858,301	898,742
<b>Closing shareholders' funds</b>	<b>1,473,150</b>	<b>858,301</b>

**PRIME EDUCATION AND TRAINING LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued**

**Company**

	2013 £	2012 £
Profit/(loss) for the financial year	54,171	(10,419)
Dividends	(355,864)	(179,807)
	(301,693)	(190,226)
Other recognised gains and losses relating to the year (net)	485,215	-
Prior Year Adjustment	277,544	(58,758)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>461,066</b>	<b>(248,984)</b>
Opening shareholders' funds	435,334	684,318
<b>Closing shareholders' funds</b>	<b>896,400</b>	<b>435,334</b>

**25. 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 £4,527,720.

The Group utilises cash it generates from operations as working capital. The directors have assessed the risk of this source of finance not being available as remote. As such, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing these financial statements.

**PRIME EDUCATION AND TRAINING LTD**

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013		2012	
	£	£	£	£
<b>Sales</b>		26,264,732		19,886,906
<b>Cost of sales</b>				
Marketing	2,405,441		1,332,893	
Activities and excursions	320,452		269,427	
Transport and transfers	475,334		466,083	
Accommodation and subsistence	7,524,380		6,311,811	
Teaching materials	826,278		256,103	
Student recruitment costs	4,540,512		3,045,500	
Teachers salaries	4,691,010		3,378,974	
		20,783,407		15,060,791
<b>GROSS PROFIT</b>		5,481,325		4,826,115
<b>Other income</b>				
Sundry receipts	133,564		14,020	
Management charges	615,119		232,945	
Deposit account interest	39		2,211	
		748,722		249,176
		6,230,047		5,075,291
<b>Expenditure</b>				
Rent	635,342		359,041	
Rates and water	174,990		165,694	
Insurance	42,029		26,987	
Light and heat	147,230		105,003	
Repairs and maintenance	127,189		130,347	
Directors' salaries	138,632		160,509	
Directors' social security	3,763		5,158	
Wages	2,503,524		2,481,016	
Social security	36,229		22,895	
Pensions	10,372		7,557	
Other operating leases	5,326		2,434	
Computer costs	167,350		135,890	
Telephone	138,032		80,605	
Post and stationery	146,232		138,513	
Advertising	63,774		52,744	
Travelling	127,269		58,703	
Student and staff welfare	83,512		73,862	
Household and cleaning	210,129		137,960	
Sundry expenses	4,060		11,830	
Subscriptions	65,618		52,342	
Accountancy	53,152		18,054	
Irrecoverable input VAT	-		47,913	
Professional fees	114,567		10,055	
Legal fees	77,195		48,864	
Auditors' remuneration	39,100		37,850	
Entertainment	9,275		10,600	
Bad debts	-		10,389	
Staff training	55,968		39,144	
		5,179,859		4,431,959
<b>Carried forward</b>		1,050,188		643,332

This page does not form part of the statutory financial statements

**PRIME EDUCATION AND TRAINING LTD**

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013		2012	
	£	£	£	£
Brought forward		1,050,188		643,332
<b>Finance costs</b>				
Bank charges	75,467		46,664	
Credit card	-		(387)	
Bank interest	12,124		-	
Bank loan interest	88,942		83,385	
Exchange rate difference	34,084		4,794	
Other interest payable	8,928		-	
		219,545		134,456
		830,643		508,876
<b>Depreciation</b>				
Computer software	719		748	
Freehold property	-		25,013	
Short leasehold	83,096		59,816	
Plant and machinery	-		1,212	
Fixtures and fittings	173,259		99,696	
Computer equipment	123,324		52,900	
		380,398		239,385
<b>NET PROFIT</b>		450,245		269,491

This page does not form part of the statutory financial statements