Registered No 6332481

Aldford Holdings Limited

Report and Financial Statements

31 July 2010

Registered No 6332481

Directors
D Wright
S Newton
J Mannering
B Alexander
G Hawkes

Secretary
J Mannering

Auditors
Ernst & Young LLP
20 Chapel Street
Liverpool
L3 9AG

Bankers
Barclays Bank PLC
15 Colmore Row
Birmingham
B3 2WN

Solicitors
Wragge & Co
55 Colmore Row
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Aldford House
Lloyd Drive
Ellesmere Port
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Directors' report

Registered No 6332481

The directors present their report and audited financial statements for the year ended 31 July 2010

Results and dividends

The loss for the year, after taxation, amounted to £5,944,000 (2008 £6,729,000) The directors recommend no dividend for the year (2009 £nil)

Principal activity and review of the business

The company's principal activity during the year was the provision of training and assessment of apprenticeships, national vocational qualifications and associated services to learners of all ages

The company operates in a fragmented market and competes with a number of UK wide providers

The majority of the company's activities are currently funded by the Skills Funding Agency (SFA) in England and equivalent bodies in Wales, Scotland and Northern Ireland

The company's key financial indicators during the year were as follows

	2010	*2009*	*Change*
	£'000	*£'000*	*%*
Turnover	32,101	34,047	-6%
Operating profit/(loss)	1,055	(1,006)	205%
Shareholders' funds	(13,538)	(7,594)	-78%

The company realigned its contracts in the year and reduced its exposure to Train to Gain contracts

Qualification achievement levels improved during the year consistent with Government policy and satisfactory service delivery inspection reports were received Following an OFSTED visit in August 2010, the company achieved a grading of "good", confirming the progress being made by the company

We provided in the 2009 accounts for a liability relating to Provider Financial Audit ("PFA") This matter has now been brought to a conclusion and has resulted in a release of the provision of £456,000 which is reflected within the 2010 accounts

Strategy and future outlook

The directors expect to continue to improve qualification achievement levels and win improved funding body contracts

The company's strategic objectives have been set in the light of Government funding availability and include

- Developing relationships with corporate customers,
- Growing the number of learners by taking a greater share of available Government contracts on the back of improved achievement levels,
- Improving the efficiency of service delivery through the continued development of its leading edge field based IT systems

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks affecting the company are set out below

Directors' report (continued)

Registered No 6332481

Competition

The company operates in a competitive environment with other providers and seeks to maximise its revenue streams by taking a greater share of available funds by improving the quality of its services and as a result of a general reduction in the total number of providers across the UK

Funding

The company is materially dependent on the size of the Government contracts it is awarded The Government however remains committed to improving the UK's competitiveness and the funding of the skills and training environment remains a priority area

Contracts can and do vary both in size and make up as a result of changing Government priorities In order to mitigate this risk the company has focussed on improving achievement rates and maintaining regular dialogue with the funding bodies

Employees

The company's performance depends on its employees and its management structure The resignation of key individuals and the inability to recruit people of the right experience and skills could adversely impact the future performance To mitigate this risk the company have in place a number of initiatives designed to reward performance and retain employees

Financial risk management

The company's operations expose it to a variety of financial risks that include the management of service delivery consistent with funding body contracts, liquidity and interest rate risks The directors monitor any risk considered to be significant to the company and establish appropriate risk management policies

The most significant risk is the management of service delivery to meet the terms of funding body contracts, principally linked to achievement levels and total contract spend The company has implemented policies and procedures to ensure that achievement levels continue to improve, and the total spend does not exceed agreed contract levels

The Group has established appropriate liquidity and interest risk strategies, and uses derivative financial instruments to manage interest rate costs

Directors of the company

The directors at 31 July 2010 and during the year were as follows

D Wright
S Newton
S Dinnen (resigned 30 June 2010)
B Alexander
J Mannering
G Hawkes

Employee involvement

The company recognises that its competitive advantage depends on the quality and motivation of the people it employs Its employment policies, including its commitment to equal opportunity, are designed to attract, retain and motivate high calibre employees regardless of sex, race, religion or disability

The company considers that effective employee communications are particularly important and is committed to promoting the involvement of all its employees in the achievement of the company's objectives

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Directors' report (continued)

Registered No 6332481

- consults with its employees through a twice yearly employee survey,
- informs employees of current and ongoing issues through a monthly communication from the Executive and an in house magazine published three times a year,
- promotes involvement through an employee driven National Exchange,
- offers a comprehensive training and development programme

Disabled employees

The company recognises its responsibilities towards the disabled and gives full consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

In accordance with s 485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditor of the Company will be put to the members at the Annual General Meeting

By order of the board

J Mannering
Secretary

25th November 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law 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 of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Aldford Holdings Limited

We have audited the group and parent company financial statements (the 'financial statements') of Aldford Holdings Limited for the year ended 31 July 2010 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 26 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 an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 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 (APB'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 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 the parent company's affairs as at 31 July 2010 and of the group's loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report (continued)

to the members of Aldford Holdings 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Ernst & Young

Barry Flynn (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Liverpool

29/11/ *2010*

Group profit and loss account

at 31 July 2010

	Notes	2010 £000	2010 £000	2009 £000	2009 £000
Turnover					
Before exceptional item	2		31,645		37,867
Exceptional item - Refunds	4		456		(3,820)
			32,101		34,047
Cost of sales			(17,323)		(21,207)
Gross profit			14,778		12,840
Administrative expenses					
Before exceptional item		(13,184)		(13,663)	
Exceptional item - Reorganisation cost	4	(539)		(183)	
			(13,723)		(13,846)
Operating profit/(loss)	5		1,055		(1,006)
Interest receivable	9		8		82
Interest payable	10		(6,656)		(6,234)
Loss on ordinary activities before taxation			(5,593)		(7,158)
Tax	11		(351)		429
Loss on ordinary activities after taxation	21		(5,944)		(6,729)

Statement of total recognised gains and losses

	2010 £000	2009 £000
Loss for the financial year	(5,944)	(6,729)
Total recognised losses relating to the year	(5,944)	(6,729)
Prior period adjustment (note 26)	-	(898)
Total losses recognised since last annual report	(5,944)	(7,627)

Group balance sheet
at 31 July 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Intangible assets	13	39,288	41,576
Tangible assets	14	1,033	1,668
		40,321	43,244
Current assets			
Debtors	15	2,044	3,172
Cash at bank and in hand		6,682	6,070
		8,726	9,242
Creditors amounts falling due within one year	16	(4,090)	(3,548)
Net current assets		4,636	5,694
Total assets less current liabilities		44,957	48,938
Creditors amounts falling due after one year	17	(57,683)	(55,579)
Provisions for liabilities and charges	19	(812)	(953)
Net liabilities		(13,538)	(7,594)
Capital and reserves			
Called up share capital	20/21	1,199	1,199
Profit and loss account	21	(14,737)	(8,793)
		(13,538)	(7,594)

Approved by the Board

D Wright
Director

25th November 2010

Company balance sheet
at 31 July 2010

	Notes	*2010* *£000*	*2009* *£000*
Fixed assets			
Investments	12	-	-
Current assets			
Debtors	15	1,110	1,110
Cash at bank and in hand		89	89
		1,199	1,199
Creditors amounts falling due within one year	16	-	-
Net current assets		1,199	1,199
Total assets less current liabilities		1,199	1,199
Capital and reserves			
Called up share capital	20/21	1,199	1,199
Profit and loss account	21	-	-
		1,199	1,199

Approved by the Board

D Wright
Director

25th November. 2010

Group statement of cash flows

for the year ended 31 July 2010

	Notes	2010 £000	2009 £000
Net cash inflow from operating activities	22(a)	3,766	6,449
Returns on investments and servicing of finance			
Interest received		8	82
Interest paid		(1,898)	(2,197)
		(1,890)	(2,115)
Taxation			
Corporation tax paid		(11)	(310)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(268)	(1,004)
Payments to acquire investments		-	115
		(268)	(889)
Financing			
Repayment of bank loans		(985)	(2,375)
Issue of ordinary share capital		-	3
		(985)	(2,372)
Increase in cash		612	763

Reconciliation of net cash flow to movement in net debt

	Notes	2010 £000	2009 £000
Increase in cash	22(b)	612	763
Repayment of loans		985	2,375
Roll up of loan interest		(4,788)	(4,383)
Movement in net debt		(3,191)	(1,245)
Net debt at 31 July 2009		(46,674)	(45,429)
Net debt at 31 July 2010		(49,865)	(46,674)

Notes to the financial statements

at 31 July 2010

1. Accounting policies

Basis of preparation

The financial statements of Aldford Holdings Limited were approved for issue by the Board of Directors on 25th November 2010

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the year and the preceding year Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard 18 (FRS 18)

The group financial statements consolidate the financial statements of Aldford Holdings Limited and all its subsidiary undertakings drawn up to 31 July each year No profit and loss account is presented for Aldford Holdings Limited as permitted by section 408 of the Companies Act 2006

Protocol Skills Limited has been included in the group financial statements using the acquisition method of accounting

The financial statements have been prepared by the directors on a going concern basis Although the group incurred a loss on ordinary activities after taxation this was in line with expectations Contract growth has been secured for 2010/11 which is ahead of our target Financing is in place to support the business going forward and we expect to continue to meet our banking covenants Bank loans are repayable over nine years from 2007 Investor loans, the principal and accumulated interest, are repayable in 2016

Investments

All investments are recorded at cost

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Goodwill

Goodwill arising on the acquisition of Protocol Skills Limited has been capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life which is estimated to be 20 years

Tangible fixed assets

Tangible fixed assets are stated at cost less any provision for diminution in value Depreciation has been provided at rates appropriate to write off the cost of assets over their estimated useful lives as follows

Property improvements	- over the lease term
Furniture and IT equipment	- 20% - 33% per annum

Notes to the financial statements

at 31 July 2010

1. Accounting policies (continued)

Provisions

Provision for dilapidations is made on properties where a dilapidation obligation exists and are calculated based on the estimated value of the company's contractual obligations

Provisions for onerous leases, measured net of expected rentals, are recognised when the property leased becomes vacant or partly vacant and is no longer fully utilised in the operations of the business

Interest rate swaps

The company's criteria for interest rate swaps are

- the instrument must be related to an asset or liability
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest payable Interest rate swaps are not revalued to fair value or shown on the company balance sheet at the period end If they are terminated early, the gain/loss is spread over the remaining maturity of the original investment

Leasing and hire purchase commitments

Rentals under operating leases are charged against income as incurred The obligation to pay future rentals on operating leases is shown by way of a note to the financial statements

Pensions and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable

2. Turnover

Revenue represents amounts invoiced to customers, net of value added tax, and is recognised on contracts in line with the delivery of service, as estimated by the company, for each training course All turnover is derived from the United Kingdom

3. Group operating (loss)/profit

Operating profit/(loss) is stated after charging

		2010	*2009*
		£000	*£000*
Depreciation owned fixed assets		903	838
Amortisation of goodwill		2,288	2,289
Operating lease rentals	- land and buildings	679	752
	- plant and machinery	187	110
Auditors' remuneration (see note 5)		49	68

Notes to the financial statements
at 31 July 2010

4. Exceptional item

	2010 £000	2009 £000
Turnover		
Refunds in respect of amounts already claimed	456	(3,820)
Administrative expenses		
Reorganisation costs	(539)	(183)

In the prior year a provision was made in respect of a liability relating to Provider Financial Audit ("PFA") This matter concluded during the year resulting in a release of the provision of £456,000

Reorganisation costs relate to a business reorganisation completed in the year

5. Auditors' remuneration

The remuneration of the auditors is further analysed as follows

	2010 £000	2009 £000
Audit of the financial statements	31	36
Taxation services	18	32
	49	68

6. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company is £nil (2009 £nil)

7. Directors' emoluments

	2010 £000	2009 £000
Emoluments	464	818
Company contributions paid to money purchase pension schemes	42	52

The aggregate emoluments of the highest paid director were £214,011 (2009 £271,508), including £19,317 (2009 £18,384) contributions paid to money purchase pension schemes Retirement benefits are accruing to one director (2009 one) and are under the company's money purchase pension scheme

During 2009, £106,068 was paid to one director as compensation for loss of office

Notes to the financial statements

at 31 July 2010

8. Employee costs

	2010 £000	2009 £000
Wages and salaries	17,053	19,500
Social security costs	1,576	1,917
Other pension costs	239	259
	18,868	21,676

The average number of employees during the year, including directors, was as follows

	2010 No	2009 No
Directors	3	4
Operational	590	714
Support	174	172
	767	890

9. Interest receivable

	2010 £000	2009 £000
Bank interest	8	82

10. Interest payable

	2010 £000	2009 £000
Bank loan interest	1,868	2,174
Loan note interest	4,788	4,060
	6,656	6,234

Notes to the financial statements

at 31 July 2010

11. Tax

(a) Tax on loss on ordinary activities

	2010 £000	2009 £000
UK corporation tax		
Corporation tax on profits of the year	-	-
Adjustments in respect of prior years	351	(429)
	351	(429)

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28 0% (2009 28 0%) The differences are reconciled below

	2010 £000	2009 £000
Loss on ordinary activities	(5,593)	(7,157)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 0% (2008 28 0%)	(1,566)	(2,004)
Effects of		
Disallowable expenses and non-taxable income	1,502	1,292
Depreciation in excess of capital allowances	(118)	199
Others	182	513
Adjustments in respect of prior years	351	(429)
	351	(429)

(c) Factors affecting future tax charge

At the balance sheet date, there are no future factors that will significantly affect future tax charges

Notes to the financial statements

at 31 July 2010

12. Investments

Parent Company	*2010*	*2009*
	£000	*£000*
At 31 July 2009 and 31 July 2010	-	-

Details of the investment in which the group and the company hold 20% or more of the nominal value of any class of share capital is as follows

Name of company	Holding	Proportion of Voting rights and shares held	Nature of business
Aldford Training Limited	Ordinary shares	100%	Holding company

13. Intangible fixed assets

	Goodwill
	£000
Cost	
At 31 July 2009 and at 31 July 2010	45,772
Amortisation	
At 31 July 2009	4,196
Provided during the year	2,288
At 31 July 2010	6,484
Net book value	
At 31 July 2010	39,288
At 31 July 2009	41,576

Notes to the financial statements

at 31 July 2010

14. Tangible fixed assets

	Short leasehold property £000	Furniture and IT equipment £000	Total £000
Cost			
At 31 July 2009	549	4,678	5,227
Additions	10	258	268
Disposals	(46)	(496)	(542)
At 31 July 2010	513	4,440	4,953
Depreciation			
At 31 July 2009	446	3,113	3,559
Provided during the year	66	837	903
Disposals	(46)	(496)	(542)
At 31 July 2010	466	3,454	3,920
Net book value			
At 31 July 2010	47	986	1,033
At 31 July 2009	103	1,565	1,668

15. Debtors

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Trade debtors	1,550	2,578	-	-
Corporation tax	11	351	-	-
Other debtors	483	243	-	-
Amounts due from group undertaking	-	-	1,110	1,110
	2,044	3,172	1,110	1,110

Notes to the financial statements

at 31 July 2010

16. Creditors: amounts falling due within one year

	Group 2010 £000	*Group 2009 £000*	*Company 2010 £000*	*Company 2009 £000*
Trade creditors	85	216	-	-
Other taxes and social security	414	584	-	-
Other creditors	1,440	953	-	-
Accruals	912	810	-	-
Loans	1,239	985	-	-
	4,090	3,548	-	-

17. Creditors: amounts falling due after one year

	Group 2010 £000	*Group 2009 £000*	*Company 2010 £000*	*Company 2009 £000*
Other creditors	2,375	3,820	-	-
Loans	55,308	51,759	-	-
	57,683	55,579	-	-

Notes to the financial statements

at 31 July 2010

18. Loans

Loans repayable, included within creditors, are analysed as follows

	Group 2010 £000	*Group 2009 £000*	*Company 2010 £000*	*Company 2009 £000*
Wholly repayable within five years	-	-	-	-
Not wholly repayable within five years	56,547	52,744	-	-
	56,547	52,744	-	-

Details of loans not wholly repayable within five years are as follows

	Group 2010 £000	*Group 2009 £000*
Bank loans	23,890	24,875
16 5% Investor loan notes	32,657	27,869
	56,547	52,744

The bank loans were drawn down under an agreement dated 26 September 2007, and are repayable over nine years The rate of interest charged ranges from 3 75% to 4 75% above LIBOR The bank loans are secured by a debenture dated 26 September 2007

The investor loan notes were issued on 26 September 2007 at an interest rate of 16 5% and are repayable in 2016

19. Provisions for liabilities and charges

	Onerous leases £000	*Dilapidations £000*	*Total £000*
At 31 July 2009	703	250	953
Provided in the period	-	64	64
Utilised	(205)	-	(205)
As at 31 July 2010	498	314	812

The dilapidation provision represents the estimated value of the company's contractual dilapidation obligations in respect of the leasehold properties that it does or has occupied

The onerous lease provision covers residual lease commitments of up to 6 years, after allowance for existing or anticipated sublet rental income

Notes to the financial statements

at 31 July 2010

20. Share capital

	2010	2009
	£000	£000
Authorised		
12,000,000 Ordinary shares of 10p each	1,200	1,200
Allotted, called up and fully paid		
11,985,000 Ordinary shares of 10p each	1,199	1,199

21. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Profit and loss account*	*Total*
	£000	£000	£000
Group			
At 31 July 2009	1,199	(8,793)	(7,594)
Loss for the year	-	(5,944)	(5,944)
At 31 July 2010	1,199	(14,737)	(13,538)
Company			
At 31 July 2009	1,199	-	1,199
Profit for the year	-	-	-
At 31 July 2010	1,199	-	1,199

22. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

Group	2010	2009
	£000	£000
Operating profit/(loss)	1,055	(1,006)
Exceptional item	(456)	3,820
Depreciation	903	838
Amortisation	2,288	2,289
Decrease in debtors	788	1,634
Increase in creditors	(812)	(1,126)
Net cash inflow from operating activities	3,766	6,449

Notes to the financial statements

at 31 July 2010

22. Notes to the statement of cash flows (continued)

(b) Analysis of net debt

	At 31 July 2009 £000	*Cash flow £000*	*Non-cash movements £000*	*At 31 July 2010 £000*
Cash at bank and in hand	6,070	612	-	6,682
Loans	(52,744)	985	(4,788)	(56,547)
	(46,674)	1,597	(4,788)	(49,865)

23. Commitments

The company had no contracted capital expenditure at 31 July 2010 (2009 £nil)

24. Ultimate parent undertaking and controlling party

CBPE Nominees Limited has a majority shareholding and controlling interest in Aldford Holdings Limited Copies of the financial statements of CBPE Nominees Limited are available at their registered office at 2 George Yard, London EC3V 9DH

25. Related party transactions

There were no related party transactions in the year (2009 Nil)

26. Prior period adjustment

In preparing the financial statements for the previous year the company performed a detailed review of all operating leases in existence after the change in ownership of the company in September 2007 and the business reorganisation referred to in note 3 During this exercise it was noted that the company had a number of onerous leases for which provision were created and included in the financial statements As a result onerous lease provisions in the company balance sheet increased to £898k as at 31 July 2008 and £703k as at 31 July 2009 In the profit and loss account administrative expenses decreased by £180k in 2008 and by £195k in 2009 as the provision was being utilised and increased by £39k in 2008 as the amortisation of goodwill increased