



Financial statements CEG Administrative Services Limited

For the Year Ended 31 August 2010

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COMPANIES HOUSE

Company No. 06355644

Officers and professional advisers

Company registration number	06355644
Registered office	Kett House Station Road CAMBRIDGE CB1 2JH
Directors	F Brownlee M Stanton
Secretary	M Stanton
Bankers	National Westminster Bank PLC 23 Market Street CAMBRIDGE CB2 3PA
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Byron House Cambridge Business Park Cowley Road CAMBRIDGE CB4 0WZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 August 2010

Principal activities and business review

The principal activity of the company during the year was the provision of administrative services for other group companies

Business review

The directors are please with the results for the year

Future developments

The directors foresee a similar level of activity in the coming year

Results and dividends

The profit for the year amounted to £880,235 The directors have not recommended a dividend

Financial risk management objectives and policies

The company uses various financial instruments including loans and trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is working capital for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are cash flow interest rate risk and liquidity risk The directors review and agree policies for managing each of these risks and they are summarised below These policies have remained unchanged from previous years

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Short-term flexibility is achieved by an asset backed bank lending facility

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings The company exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities as covered by interest-rate swap arrangements

Directors

The directors who served the company during the year were as follows

F Brownlee
M Stanton

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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,
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M Stanton', with a large, stylized loop at the end.

M Stanton

Secretary



Independent auditor's report to the members of CEG Administrative Services Limited

We have audited the financial statements of CEG Administrative Services Limited for the year ended 31 August 2010 which comprise the accounting policies, profit and loss account, balance sheet and the related notes. 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 set out on pages 3 to 4, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2010 and of its 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.

Independent auditor's report to the members of CEG Administrative Services Limited (continued)

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



ALISON SEEKINGS (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

CAMBRIDGE

21 December 2010

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

The directors consider that the company has adequate group support to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Consolidation

The financial statements contain information about CEG Administrative Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Cambridge Education Group Limited, a company registered in England and Wales

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents amounts receivable for services to group companies

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	- 25% Straight Line
Equipment	- 25% Straight Line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company makes payments by way of defined contributions to the personal pension plans of certain staff members. The pension charge represents the aggregate amount payable by the company to those plans in respect of the year.

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 exceptions.

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.

Foreign currencies

Monetary 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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	3,599,988	—
Other operating charges		2,934,487	4,338,746
Operating profit/(loss)	3	665,501	(4,338,746)
Income from shares in group undertakings	6	—	1,151,154
Interest payable and similar charges	7	(6)	—
Profit/(loss) on ordinary activities before taxation		665,507	(3,187,592)
Tax on profit/(loss) on ordinary activities	8	(214,728)	(1,211,010)
Profit/(loss) for the financial year	18	880,235	(1,976,582)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements.

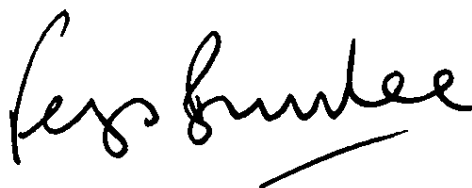
Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	9	415,946	487,449
Investments	10	300	300
		<u>416,246</u>	<u>487,749</u>
Current assets			
Debtors	11	4,642,785	2,638,293
Creditors: amounts falling due within one year	13	9,881,679	8,828,925
Net current liabilities		<u>(5,238,894)</u>	<u>(6,190,632)</u>
Total assets less current liabilities		<u>(4,822,648)</u>	<u>(5,702,883)</u>
Capital and reserves			
Called-up equity share capital	17	100	100
Profit and loss account	18	<u>(4,822,748)</u>	<u>(5,702,983)</u>
Deficit	19	<u>(4,822,648)</u>	<u>(5,702,883)</u>

These financial statements were approved by the directors and authorised for issue on 2 September 2010, and are signed on their behalf by

F Brownlee

Director



Company Registration Number 06355644

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
 An analysis of turnover is given below

	2010 £	2009 £
United Kingdom	<u>3,599,988</u>	<u>-</u>

2 Other operating charges

	2010 £	2009 £
Administrative expenses	<u>2,934,487</u>	<u>4,338,746</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of owned fixed assets	219,869	188,575
Auditor's remuneration		
Audit fees	31,969	25,000
Non-audit fees	13,377	7,113
Operating lease costs		
- Other	46,134	29,210
Net profit on foreign currency translation	<u>(1,163)</u>	<u>(17,198)</u>

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Number of administrative staff	<u>36</u>	<u>31</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	2,156,547	1,765,075
Social security costs	233,844	210,679
Other pension costs	24,577	25,951
	<u>2,414,968</u>	<u>2,001,705</u>

5 Directors

Remuneration in respect of directors was as follows.

	2010 £	2009 £
Remuneration receivable	<u>375,987</u>	<u>427,551</u>

Remuneration of highest paid director

	2010 £	2009 £
Total remuneration (excluding pension contributions)	<u>235,434</u>	<u>268,942</u>

6 Income from shares in group undertakings

	2010 £	2009 £
Income from group undertakings	<u>—</u>	<u>1,151,154</u>

7 Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	<u>(6)</u>	<u>—</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	465	(1,206,017)
Over/under provision in prior year	-	(4,993)
Total current tax	465	(1,211,010)
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	(44,198)	-
Losses	(113,934)	-
Short term timing differences	(57,061)	-
Total deferred tax (note 12)	(215,193)	-
Tax on profit/(loss) on ordinary activities	(214,728)	(1,211,010)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Profit/(loss) on ordinary activities before taxation	665,507	(3,187,592)
Profit/(loss) on ordinary activities by rate of tax	186,342	(892,526)
Expenses not deductible for tax purposes	10,786	10,793
Capital allowances for period in excess of depreciation	17,320	(1,961)
Utilisation of tax losses	(273,759)	-
Adjustments to tax charge in respect of previous periods	465	(4,993)
Receipt for group relief	59,174	1,206,017
Group relief surrendered	-	(1,206,017)
Group income	-	(322,323)
Sundry tax adjusting items	137	-
Total current tax (note 8(a))	465	(1,211,010)

9 Tangible fixed assets

	Fixtures & Fittings £	Equipment £	Total £
Cost			
At 1 September 2009	258,738	607,211	865,949
Additions	26,459	121,907	148,366
Transfers	(113,173)	113,173	–
At 31 August 2010	<u>172,024</u>	<u>842,291</u>	<u>1,014,315</u>
Depreciation			
At 1 September 2009	141,991	236,509	378,500
Charge for the year	30,334	189,535	219,869
Transfers	(84,009)	84,009	–
At 31 August 2010	<u>88,316</u>	<u>510,053</u>	<u>598,369</u>
Net book value			
At 31 August 2010	<u>83,708</u>	<u>332,238</u>	<u>415,946</u>
At 31 August 2009	<u>116,747</u>	<u>370,702</u>	<u>487,449</u>

10 Investments

Company

	£
Cost	
At 1 September 2009 and 31 August 2010	<u>300</u>
Net book value	
At 31 August 2010 and 31 August 2009	<u>300</u>

Subsidiary Undertakings

At 31 August 2010 the company held 100% of the allotted ordinary share capital of the following:

	Country of incorporation	Proportion held	Nature of business
CEG UFP Limited	England	100%	Education
CEG Colleges Limited Limited	England	100%	Holding company
Stafford House Companies Limited	England	100%	Holding company

11 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	4,155,690	2,326,075
Corporation tax repayable	—	957
Other debtors	13,404	808
Prepayments and accrued income	258,498	310,453
Deferred taxation (note 12)	215,193	—
	<u>4,642,785</u>	<u>2,638,293</u>

12 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2010 £	2009 £
Included in debtors (note 11)	<u>215,193</u>	<u>—</u>

The movement in the deferred taxation account during the year was

	2010 £	2009 £
Profit and loss account movement arising during the year	<u>215,193</u>	<u>—</u>
Balance carried forward	<u>215,193</u>	<u>—</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Excess of depreciation over taxation allowances	44,198	—
Tax losses available	113,934	—
Short term timing differences	57,061	—
	<u>215,193</u>	<u>—</u>

13 Creditors: amounts falling due within one year

	2010 £	2009 £
Overdrafts	3,423,839	1,008,979
Trade creditors	215,602	286,128
Amounts owed to group undertakings	5,280,752	7,007,106
Accruals and deferred income	961,486	526,712
	<u>9,881,679</u>	<u>8,828,925</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the group

14 Commitments under operating leases

At 31 August 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	30,000	-	-
Within 2 to 5 years	98,640	40,800	-	1,776
After more than 5 years	-	-	22,000	-
	<u>98,640</u>	<u>70,800</u>	<u>22,000</u>	<u>1,776</u>

15 Contingent liabilities

A cross guarantee agreement has been entered into with the Group's bankers, National Westminster Bank Plc, whereby all positive balances that exist within the group headed by Cambridge Education Group Limited (the ultimate parent undertaking), or any of its subsidiaries, may be called upon to secure or repay any net bank indebtedness. At 31 August 2010 there was group indebtedness of £nil (2009 - £1,785,850)

16 Related party transactions

As a wholly-owned subsidiary of Cambridge Education Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group on the grounds that accounts are publicly available from Companies House

17 Share capital

Authorised share capital

	2010 £	2009 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		

	2010		2009	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

18 Profit and loss account

	2010 £	2009 £
Balance brought forward	(5,702,983)	(3,726,401)
Profit/(loss) for the financial year	<u>880,235</u>	<u>(1,976,582)</u>
Balance carried forward	<u>(4,822,748)</u>	<u>(5,702,983)</u>

19 Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Profit/(Loss) for the financial year	880,235	(1,976,582)
Opening shareholder's deficit	<u>(5,702,883)</u>	<u>(3,726,301)</u>
Closing shareholder's deficit	<u>(4,822,648)</u>	<u>(5,702,883)</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £6,547 (2009 - £Nil)

21 Ultimate controlling party

The ultimate parent undertaking is Cambridge Education Group Limited, a company incorporated in England and Wales

The ultimate controlling party is considered to be Palamon Capital Partners LP by virtue of its shareholding in Cambridge Education Group Limited