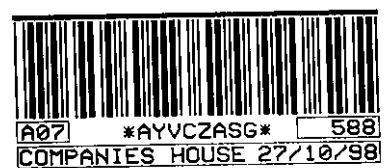


**TECHNOS INTERNATIONAL
(OXFORD) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1997



Company no 2431004

TECHNOS INTERNATIONAL (OXFORD) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1997

Company registration number: 2431004

Registered office: Wolsey Hall
66 Banbury Road
Oxford
OX2 6PR

Directors: Mr K Tanaka
Mr T Hashimoto
Dr G Simpson

Bankers: National Westminster Bank plc
32 Cornmarket Street
Oxford
OX1 3HQ

Solicitors: Mallam, Lewis & Taylor
21 Beaumont Street
Oxford
OX1 2NH

Auditors: Grant Thornton
Registered auditors
Chartered accountants
1 Westminster Way
Oxford
OX2 0PZ

TECHNOS INTERNATIONAL (OXFORD) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1997

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TECHNOS INTERNATIONAL (OXFORD) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1997.

Principal activities

The company is principally engaged in the business of property management and international course development. The company changed its name from Oxford Examination Research Centre Limited to Technos International (Oxford) Limited on 11 February 1997.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 1997 and 1 January 1997 were as follows:

	31 December 1997	Ordinary shares 1 January 1997
Mr K Tanaka	1	1
Mr T Hashimoto	-	-
Dr G Simpson	-	-

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

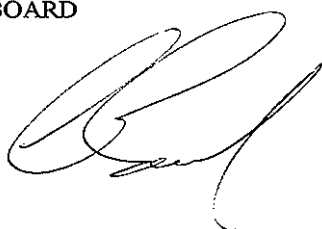
Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD

G Simpson
Director



26 October 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
TECHNOS INTERNATIONAL (OXFORD) LIMITED**

We have audited the financial statements on pages 3 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and under the accounting policies set out on page 3.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

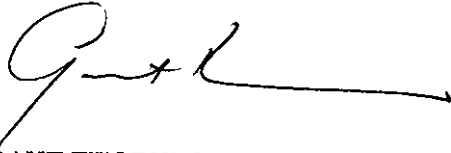
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

OXFORD
26 October 1998

TECHNOS INTERNATIONAL (OXFORD) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates applicable are:

Property improvements	10%
Office equipment	10%

DEFERRED TAXATION

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

INTERNATIONAL COURSE DEVELOPMENT

International course development expenditure is charged to the profit and loss account in the period in which it is incurred.

TECHNOS INTERNATIONAL (OXFORD) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 1997

	Note	1997 £	1996 £
Turnover	1	160,664	152,485
Administrative expenses		(152,054)	(136,001)
Other operating income		3,524	-
Operating profit		12,134	16,484
Net interest		2,307	747
Profit on ordinary activities before taxation	1	14,441	17,231
Tax on profit on ordinary activities	3	(3,500)	(6,400)
Profit transferred to reserves	8	10,941	10,831

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

TECHNOS INTERNATIONAL (OXFORD) LIMITED

BALANCE SHEET AT 31 DECEMBER 1997

	Note	1997 £	1997 £	1996 £	1996 £
Fixed assets					
Tangible assets	4		29,624		23,982
Current assets					
Debtors	5	65,167		61,172	
Cash at bank and in hand		89,754		66,308	
		154,921		127,480	
Creditors: amounts falling due within one year	6	(146,915)		(124,773)	
Net current assets			8,006		2,707
Total assets less current liabilities			37,630		26,689
Capital and reserves					
Called up share capital	7		63,247		63,247
Profit and loss account	8		(25,617)		(36,558)
			37,630		26,689

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board of Directors on 26 October 1998.

G Simpson

Director



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

TECHNOS INTERNATIONAL (OXFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	1997 £	1996 £
Auditors' remuneration	700	600
Depreciation	<u>3,595</u>	<u>3,177</u>

2 DIRECTORS

	1997 £	1996 £
Directors' remuneration	<u>36,000</u>	<u>36,000</u>

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1997 £	1996 £
UK Corporation tax	<u>3,500</u>	<u>6,400</u>

4 TANGIBLE FIXED ASSETS

	Property improve- ments £	Office equipment £	Total £
Cost			
At 1 January 1997	22,228	9,428	31,656
Additions	4,500	4,737	9,237
At 31 December 1997	<u>26,728</u>	<u>14,165</u>	<u>40,893</u>
Depreciation			
At 1 January 1997	2,229	5,445	7,674
Charged for the year	2,373	1,222	3,595
At 31 December 1997	<u>4,602</u>	<u>6,667</u>	<u>11,269</u>
Net book amount at 31 December 1997	<u>22,126</u>	<u>7,498</u>	<u>29,624</u>
Net book amount at 31 December 1996	<u>19,999</u>	<u>3,983</u>	<u>23,982</u>

TECHNOS INTERNATIONAL (OXFORD) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1997

5 DEBTORS

	1997 £	1996 £
Trade debtors	40,511	54,566
Other debtors	24,656	6,606
	<u>65,167</u>	<u>61,172</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Trade creditors	1,314	1,775
Amounts owed to parent undertaking	57,458	57,458
Social security and other taxes	10,363	15,619
Other creditors	55,568	49,921
Course advances	22,212	-
	<u>146,915</u>	<u>124,773</u>

7 SHARE CAPITAL

	1997 £	1996 £
Authorised Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>63,247</u>	<u>63,247</u>

8 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1997	(36,558)
Retained profit for the year	<u>10,941</u>
At 31 December 1997	<u>(25,617)</u>

9 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1997 or 31 December 1996.

TECHNOS INTERNATIONAL (OXFORD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

10 CONTINGENT LIABILITIES

Corporation tax liabilities for the year ended 31 December 1993 and subsequent years are still subject to the agreement of the Inland Revenue due to enquiries into the allowability for tax purposes of certain expenditure incurred by the company.

The directors estimate that the maximum adjustment to these corporation tax computations could result in a cost to the company of approximately £70,000.

11 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is Tanaka Ikuekai Educational Trust which is incorporated in Japan. The Tanaka Ikuekai Educational Trust holds 63,246 ordinary shares in the company.