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C E T LANGUAGE SCHOOLS LIMITED

Financial Statements

For the year ended 31 January 2004



C E T LANGUAGE SCHOOLS LIMITED

Financial statements for the year ended 31 January 2004

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C E T LANGUAGE SCHOOLS LIMITED

Directors, officers and advisers

Directors

R J Anaya
T D Watson

Secretary and registered office

A R W Carrington
Beechey House
87 Church Street
Crowthorne
Berkshire
RG45 7AW

Registered number

3915611

Auditors

PKB
Chartered Certified Accountants
Beechey House
87 Church Street
Crowthorne
Berks, RG45 7AW

C E T LANGUAGE SCHOOLS LIMITED

Directors' report for the year ended 31 January 2004

The directors present their report and the financial statements of the company for the year ended 31 January 2004.

Review of the business

The principal activity of the company throughout the year was that of an English language school.

Turnover has increased during the year by 18 per cent to £237,674. The directors consider the loss on ordinary activities before taxation to be satisfactory in the light of difficult trading conditions.

Results and dividends

The results for the year are shown on the profit and loss account on page 6. The loss for the year after taxation was £8,993.

The directors do not recommend the payment of a dividend for the year.

Directors

The directors who served during the year were:

R J Anaya
T D Watson

Directors' responsibilities

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 as at the end of the financial year 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 which 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. It is also their responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities.

Directors' interests

The beneficial interests of the directors and their families in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	<u>31 January 2004</u>	<u>1 February 2003</u>
R J Anaya	1	1
T D Watson	1	1

Fixed assets

In the opinion of the directors, the value of the company's freehold land and buildings is not materially in excess of that shown in the financial statements when considered in relation to its use in the company's trade.

C E T LANGUAGE SCHOOLS LIMITED

Directors' report for the year ended 31 January 2004 (continued)

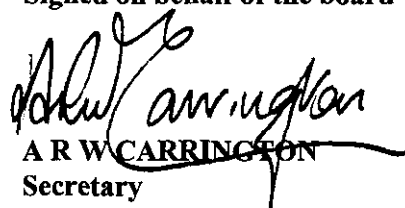
Political and charitable contributions

Various charitable contributions were made during the year totalling £1,026.

Auditors

A resolution to reappoint PKB as auditors of the company will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board


A R W CARRINGTON
Secretary

Approved by the Board on 1 November 2004.

C E T LANGUAGE SCHOOLS LIMITED

Independent auditors' report to the shareholders of C E T Language Schools Limited

We have audited the financial statements of C E T Language Schools Limited for the year ended 31 January 2004 which are set out on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

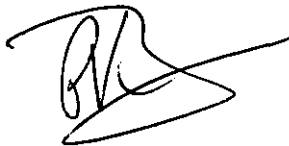
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

C E T LANGUAGE SCHOOLS LIMITED

Independent auditors' report to the shareholders of C E T Language Schools Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2004 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKB
Registered Auditors and
Chartered Certified Accountants
Beechey House
87 Church Street
Crowthorne
Berks, RG45 7AW
1 November 2004

C E T LANGUAGE SCHOOLS LIMITED

Profit and loss account for the year ended 31 January 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
Turnover	2	237,674	201,757
Cost of sales		39,960	51,628
Gross profit		<u>197,714</u>	<u>150,129</u>
Distribution costs		11,656	10,159
Administration expenses		194,056	171,720
		<u>205,712</u>	<u>181,879</u>
Operating loss	3	(7,998)	(31,750)
Interest payable and similar charges	5	(995)	(683)
Loss on ordinary activities before taxation		(8,993)	(32,433)
Taxation on loss on ordinary activities	6	-	-
Loss for the financial year		(8,993)	(32,433)
Dividends		-	-
Loss for the year		(8,993)	(32,433)
<i>Retained profits brought forward</i>		(30,601)	1,832
<i>Retained (losses)/profits carried forward</i>		<u>(39,594)</u>	<u>(30,601)</u>

None of the company's activities was acquired or discontinued during the above two years.

There were no recognised gains nor losses other than those included in the profit and loss account.

The notes on pages 9 to 13 form part of these financial statements.

C E T LANGUAGE SCHOOLS LIMITED

Balance sheet at 31 January 2004

	<i>Notes</i>	<u>2004</u> £	<u>2003</u> £
Fixed assets			
Intangible assets	7	29,155	32,394
Tangible assets	8	25,674	30,232
		<u>54,829</u>	<u>62,626</u>
Current assets			
Debtors	9	7,441	11,147
Cash at bank and in hand		4,223	63
		<u>11,664</u>	<u>11,210</u>
Creditors: amounts falling due within one year	10	<u>(106,085)</u>	<u>(104,435)</u>
Net current liabilities		<u>(94,421)</u>	<u>(93,225)</u>
Current liabilities less total assets		<u>(39,592)</u>	<u>(30,599)</u>
Capital and reserves			
Called up share capital	11	2	2
Deficit on profit and loss account		<u>(39,594)</u>	<u>(30,601)</u>
Shareholders' funds	12	<u>(39,592)</u>	<u>(30,599)</u>

Approved by the board of directors on 1 November 2004 and signed on its behalf.

 **R. JANAYA - Director**

The notes on pages 9 to 13 form part of these financial statements.

C E T LANGUAGE SCHOOLS LIMITED

Cash flow statement for the year ended 31 January 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
Operating activities			
Net cash flow from operating activities	13a	11,387	63,917
Returns on investments and servicing of finance			
Interest and similar charges paid		-	(683)
Net cash flow from returns on investments and servicing of finance		-	(683)
Capital expenditure			
Payments to acquire tangible fixed assets		-	(61,184)
Net cash flow from investing activities		-	(61,184)
		<u>11,387</u>	<u>2,050</u>

WARNING - THE CASH FLOW DOES NOT AGREE TO THE ACTUAL MOVEMENT IN CASH

Difference 4,235 - Adjust the database rounding item CFROUND2 (currently) by this amount first before adjusting any funds rounding (decrease for positive difference, increase for negative). Drill down here to edit amount.

WARNING - THE RECONCILIATION OF OPERATING FLOW TO TOTAL DEBT DOES NOT TOTAL ACTUAL NET DEBT

Difference this year 4,235 - Last year Nil - Adjust the database rounding item CFROUND (currently) by this amount (increase for positive difference, decrease for negative). Drill down here to edit amount.

C E T LANGUAGE SCHOOLS LIMITED

Notes to the financial statements for the year ended 31 January 2004

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

b) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Leasehold property	Over the period of the lease
Fixtures and fittings	25% reducing balance
Computer equipment	25% reducing balance

d) Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements.

e) Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account as they fall due.

2 Turnover

Turnover represents the amounts receivable for goods sold during the year, exclusive of VAT.

The turnover and loss before taxation is attributable to the one principal activity of the company.

No exports were made by the company during the year.

3 Loss on ordinary activities before taxation

This is stated after charging:

	<u>2004</u> £	<u>2003</u> £
Staff costs	118,418	106,138
Amortisation of goodwill	3,239	-
Depreciation of owned assets	4,559	3,411
Auditors' remuneration	9,072	4,055
Operating lease rentals - other assets	<u>19,900</u>	<u>18,171</u>

C E T LANGUAGE SCHOOLS LIMITED
Notes to the financial statements
for the year ended 31 January 2004 (continued)

4 Employee information

	<u>2004</u> £	<u>2003</u> £
Staff costs:		
Wages and salaries	109,408	100,078
Social security costs	7,222	6,060
Other pension costs	1,788	-
	<u>118,418</u>	<u>106,138</u>

5 Interest payable and similar charges

	<u>2004</u> £	<u>2003</u> £
On bank loans and overdrafts	<u>150</u>	<u>303</u>

6 Tax on profit on ordinary activities

No tax charge as trading losses were made in the year.

7 Intangible fixed assets

	<i>Goodwill</i> £	<i>Total</i> £
Cost:		
At 1 February 2003	32,394	32,394
Amortisation:		
Provision for the year	3,239	3,239
At 31 January 2004	3,239	3,239
Net book value:		
At 31 January 2004	<u>29,155</u>	<u>29,155</u>
At 1 February 2003	<u>-</u>	<u>32,394</u>

C E T LANGUAGE SCHOOLS LIMITED

Notes to the financial statements for the year ended 31 January 2004 (continued)

8 Tangible fixed assets

	<i>Land and buildings</i> £	<i>Equipment fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost:				
At 1 February 2003	20,000	6,430	8,831	35,261
Depreciation:				
At 1 February 2003	-	1,913	3,116	5,029
Provision for the year	2,000	1,129	1,429	4,558
At 31 January 2004	<u>2,000</u>	<u>3,042</u>	<u>4,545</u>	<u>9,587</u>
Net book value:				
At 31 January 2004	<u>18,000</u>	<u>3,388</u>	<u>4,286</u>	<u>25,674</u>
At 1 February 2003	<u>20,000</u>	<u>4,517</u>	<u>5,715</u>	<u>30,232</u>

The net book value of land and buildings at 31 January 2004 is made up as follows:

	<u>2004</u> £	<u>2003</u> £
Short-term leasehold premises	<u>18,000</u>	<u>20,000</u>

9 Debtors

	<u>2004</u> £	<u>2003</u> £
Trade debtors	76	1,052
Other debtors	3,132	3,132
Prepaid expenses and accrued income	4,231	6,961
Unpaid Share capital	2	2
	<u>7,441</u>	<u>11,147</u>

10 Creditors: amounts falling due within one year

	<u>2004</u> £	<u>2003</u> £
Bank loans and overdrafts	-	2,992
Amounts owed to undertakings in which the company has a participating interest	28,693	20,362
Other creditors	5,631	5,860
Other tax and social security	9,157	11,143
Accruals and deferred income	62,604	64,078
	<u>106,085</u>	<u>104,435</u>

At the balance sheet date the following amount was due to a participating interest:

C E T Management UK Limited	£28,693
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C E T LANGUAGE SCHOOLS LIMITED
Notes to the financial statements
for the year ended 31 January 2004 (continued)

11 Called-up share capital

	<u>2004</u> £	<u>2003</u> £
Authorised		
Equity shares:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reconciliation of movement in shareholders' funds

	<u>2004</u> £	<u>2003</u> £
Loss for the year	(8,993)	(32,433)
Shareholders' funds at 1 February 2003	<u>(30,599)</u>	<u>1,834</u>
Shareholders' funds at 31 January 2004	<u>(39,592)</u>	<u>(30,599)</u>
Shareholders' funds may be analysed as follows:		
Attributable to equity interests	<u>(39,592)</u>	<u>(30,599)</u>

C E T LANGUAGE SCHOOLS LIMITED

Notes to the financial statements for the year ended 31 January 2004 (continued)

13 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash flow operating activities

	<u>2004</u> £	<u>2003</u> £
Operating loss	4,759	31,750
Depreciation charges	7,798	3,411
Decrease in debtors	3,706	27,362
Increase in creditors	4,642	64,894
Net cash inflow from operating activities	<u>11,387</u>	<u>63,917</u>

b) Analysis of change in net debt

	<u>Brought forward</u>	<u>Cash flows</u>	<u>Other changes</u>	<u>Carried forward</u>
Cash at bank and in hand	63	4,160	-	4,223
Bank overdraft	(2,992)	2,992	-	-
	<u>(2,929)</u>	<u>7,152</u>	<u>-</u>	<u>4,223</u>

c) Reconciliation of net cash flow to movement in debt

	<u>2004</u> £	<u>2003</u> £
Net increase in cash	11,387	2,050
Net debt at 1 February 2003	<u>(2,929)</u>	<u>(4,979)</u>
Net funds/2003 debt at 31 January 2004	<u>8,458</u>	<u>(2,929)</u>