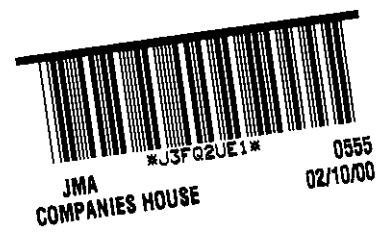


Company Registration No. 01242854 (England and Wales)

COMPUTEACH INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



COMPUTEACH INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

G Parkinson
P A Harrison
The Rt. Hon. Baroness Knight of Collingtree
S Spanton
K G Parkinson-Witte

Secretary

P A Harrison

Company number

01242854

Registered office

PO Box 51
University House
Dudley
West Midlands
DY2 2AG

Auditors

Hacker Young
St James Building
79 Oxford Street
Manchester
M1 6HT

COMPUTEACH INTERNATIONAL LIMITED

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COMPUTEACH INTERNATIONAL LIMITED CHAIRMAN'S REPORT

It gives me great pleasure to report that the company has once again enjoyed an excellent year of trading with new enrolments at a record level.

Our student body has achieved outstanding success in National examinations with large numbers joining the thousands already placed in high tech careers.

Careful cash management and control has placed our company in a strong position for the future enabling us to fund ongoing developments from our own resources.

To cater for the growing demand upon our services the company will, in the next twelve months, take a major step forward with the construction of an additional ten thousand square ft capacity training suite. This will be built on our own land adjacent to the Midlands centre and furnished with state of the art equipment at an approximate cost of £2,000,000.

The capital and time we consistently invest in our company provides the best possible services for our students and ensures that our training courses reflect the speed and change of Information Technology. Calculated reinvestment of our resources eliminates the possibility of challenge, ensuring that speculative imitators cannot affect our position as leaders in our chosen field.

The new millennium will see our company gearing up for new and exciting input to all our courses. This will be done in co-operation with major employer groups, the British Computing Society and similar organisations.

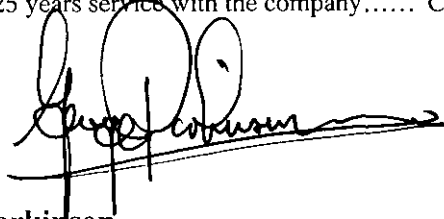
Our research and development team has been extremely busy throughout the year, particularly in the creation of a new distance learning course in Business Systems Analysis. We have acquired the framework for this course from the National Computing Centre who have placed their Internationally renowned Systems Analyst course materials at our disposal. The NCC course will be upgraded with the latest advances in technology and reconstituted into distance learning mode. This will create a system capable of delivering Analyst Programmers and Business Analysts without students' attending extensive full time training.

Demand for systems personnel is greater than all programming and web related skills put together. The investment made by our board in this new NCC/Computeach learning system will be a welcome vehicle for thousands of I.T. personnel seeking advancement in the profession and employers who wish to maintain control of key staff and upgrade their skills.

Vocational Training Relief (VTR) will be replaced at the end of August 2000 by Individual Learning Accounts (ILA) the full impact of which on our company is not yet known. We are confident that the new Government support will be a positive step forward, encouraging greater participation in adult education and lifelong learning.

On behalf of the Board, I would like to thank all members of staff who have contributed so much to the company's success over the last twelve months.

I would personally like to thank Paul Harrison, our Managing Director, who has just achieved an unheralded 25 years service with the company....."Congratulations ! Paul".

A handwritten signature in black ink, appearing to read 'George Parkinson', with a long horizontal flourish extending to the right.

George Parkinson
24 August 2000

COMPUTEACH INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The principal activity of the company continued to be that of the marketing of specialised in-house and open learning computer training courses.

The results for the year and the financial position at the year end are discussed in the chairman's report on page 1.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final ordinary dividend.

Directors

The following directors have held office since 1 January 1999:

G Parkinson

P A Harrison

The Rt. Hon. Baroness Knight of Collingtree

S Spanton

K G Parkinson-Witte

B A S Patterson

(Appointed 1 February 1999 and resigned 9 February 2000)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 1999	1 January 1999
G Parkinson	8,000	8,000
P A Harrison	1,600	1,600
The Rt. Hon. Baroness Knight of Collingtree	-	-
S Spanton	-	-
K G Parkinson-Witte	-	-
B A S Patterson	-	-

Mr E Stanton, a partner in Hacker Young, the company's auditors, has a non-beneficial interest as a joint trustee in 2,400 ordinary shares of £1 each.

In addition to the above G Parkinson has a non-beneficial interest in 2,400 ordinary shares of £1 each as a joint trustee in the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hacker Young be reappointed as auditors of the company will be put to the Annual General Meeting.

COMPUTEACH INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

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 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.

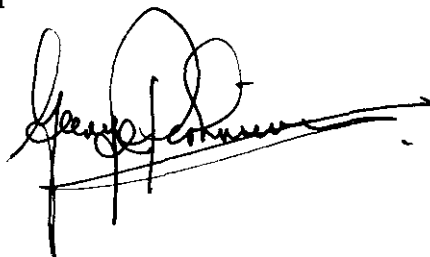
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

G Parkinson

Director

24 August 2000

A handwritten signature in black ink, appearing to read 'G Parkinson', with a long horizontal flourish extending to the right.

COMPUTEACH INTERNATIONAL LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF COMPUTEACH INTERNATIONAL LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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.

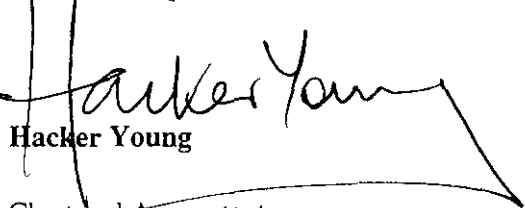
Basis of opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hacker Young

24 August 2000

Chartered Accountants
Registered Auditor

COMPUTEACH INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	13,388,630	10,156,895
Cost of sales		(6,453,494)	(5,702,899)
Gross profit		6,935,136	4,453,996
Administrative expenses		(2,079,294)	(1,335,762)
Other operating income		27,748	65,710
Operating profit	3	4,883,590	3,183,944
Investment income	4	6	842,947
Other interest receivable and similar income	4	303,333	223,218
Interest payable and similar charges	5	-	(671)
Profit on ordinary activities before taxation		5,186,929	4,249,438
Tax on profit on ordinary activities	6	(1,576,389)	(1,027,834)
Profit on ordinary activities after taxation		3,610,540	3,221,604
Dividends	7	(2,000,000)	(1,100,000)
Retained profit for the year	17	1,610,540	2,121,604

The company's operation in the year continued unchanged; no operations were disposed of or acquired.

There are no recognised gains and losses other than those passing through the profit and loss account.

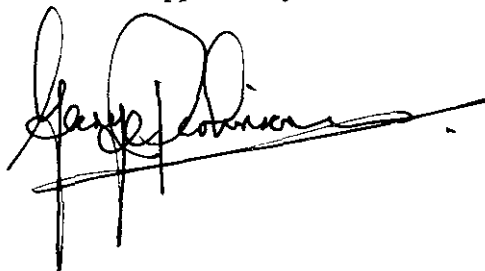
COMPUTEACH INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	8	2,736,957	1,101,336
Investments	9	40,296	39,295
		<u>2,777,253</u>	<u>1,140,631</u>
Current assets			
Stocks	10	251,767	30,546
Debtors	11	810,991	1,585,088
Investments	12	5,090	5,090
Cash at bank and in hand		6,331,484	4,928,745
		<u>7,399,332</u>	<u>6,549,469</u>
Creditors: amounts falling due within one year	13	(2,602,036)	(2,574,291)
Net current assets		<u>4,797,296</u>	<u>3,975,178</u>
Total assets less current liabilities		<u>7,574,549</u>	<u>5,115,809</u>
Provisions for liabilities and charges	14	(2,918,200)	(2,070,000)
		<u>4,656,349</u>	<u>3,045,809</u>
Capital and reserves			
Called up share capital	16	12,000	12,000
Other reserves	17	8,000	8,000
Profit and loss account	17	4,636,349	3,025,809
Shareholders' funds - equity interests	20	<u>4,656,349</u>	<u>3,045,809</u>

The financial statements were approved by the Board on 14 August 2000

G Parkinson
Director



COMPUTEACH INTERNATIONAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Net cash inflow from operating activities	18	6,377,777	4,120,833
Returns on investments and servicing of finance			
Interest received	291,194	223,218	
Interest paid	-	(671)	
Dividends received	6	842,220	
Rents received	-	29,710	
		<u>291,200</u>	<u>1,094,477</u>
Net cash inflow for returns on investments and servicing of finance		291,200	1,094,477
Taxation		(1,458,499)	(356,934)
Capital expenditure and financial investment			
Payments to acquire tangible assets	(1,823,454)	(444,209)	
Receipts from sales of tangible assets	15,715	9,955	
		<u>(1,807,739)</u>	<u>(434,254)</u>
Net cash outflow for capital expenditure		(1,807,739)	(434,254)
Equity dividends paid		(2,000,000)	(1,100,000)
		<u>(2,000,000)</u>	<u>(1,100,000)</u>
Increase in cash in the year		1,402,739	3,324,122

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum
Plant and machinery	20% - 33% per annum
Motor vehicles	25% per annum

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1.10 Provision for costs to complete courses

The company accounts for course sales in total at the time contracts are signed. The majority of courses last between two and three years and provision is made to cover the costs arising during that period.

This provision has been calculated by reference to historical and estimated future costs and the anticipated number of students, calculated on statistical basis, expected to complete the course.

The contingent liability in respect of the costs which would be incurred if all students currently enrolled were to complete the courses is shown in the notes.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	1999	1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	177,516	78,528
Research and development	128,770	193
Auditors' remuneration	12,500	3,995

4 Income from investments, other interest receivable and similar income

	1999	1998
	£	£
Profit on disposal of listed investments	-	727
Income from subsidiary undertakings	-	842,220
Other investment income	6	-
Bank interest	303,333	223,218
	<u>303,339</u>	<u>1,066,165</u>

5 Interest payable

	1999	1998
	£	£
On bank loans and overdrafts	-	671

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

6	Taxation	1999	1998
		£	£
	UK current year taxation		
	UK corporation tax at 30% (1998 - 31%)	1,578,735	1,030,000
	Prior years		
	UK corporation tax	(2,346)	(2,166)
		<u>1,576,389</u>	<u>1,027,834</u>
7	Dividends	1999	1998
		£	£
	Ordinary interim paid	<u>2,000,000</u>	<u>1,100,000</u>

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

8 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 1999	736,760	939,721	64,678	1,741,159
Additions	1,628,799	161,175	46,105	1,836,079
Disposals	-	-	(30,588)	(30,588)
	<u>2,365,559</u>	<u>1,100,896</u>	<u>80,195</u>	<u>3,546,650</u>
Depreciation				
At 1 January 1999	110,843	490,784	38,196	639,823
On disposals	-	-	(7,646)	(7,646)
Charge for the year	14,734	161,390	1,392	177,516
	<u>125,577</u>	<u>652,174</u>	<u>31,942</u>	<u>809,693</u>
Net book value				
At 31 December 1999	<u>2,239,982</u>	<u>448,722</u>	<u>48,253</u>	<u>2,736,957</u>
At 31 December 1998	<u>625,917</u>	<u>448,937</u>	<u>26,482</u>	<u>1,101,336</u>

Included in land and buildings is £1,552,950 in respect of land which is not depreciated.

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 1999	39,295
Additions	1,001
	<hr/>
At 31 December 1999	40,296
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held		Activity
		Class	%	
Subsidiary undertakings				
Marehill Finance Limited	England	Ordinary	100	Finance company
Teachware Limited	England	Ordinary	100	Dormant
Genieworld Limited	England	Ordinary	100	Dormant
Software Professionals Limited	England	Ordinary	100	Recruitment

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and Profit for the reserves	year
	£	£
Marehill Finance Limited	280,789	135,525
Teachware Limited	39,948	551
Genieworld Limited	1	-
Software Professionals Limited	9,698	8,698
	<hr/>	<hr/>

10 Stocks

	1999	1998
	£	£
Finished goods and goods for resale	251,767	30,546
	<hr/>	<hr/>

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

11 Debtors	1999 £	1998 £
Trade debtors	379,317	1,072,405
Amounts owed by subsidiary undertakings	209,717	356,318
Other debtors	20	2,690
Prepayments and accrued income	221,937	153,675
	<u>810,991</u>	<u>1,585,088</u>
 12 Current asset investments	 1999 £	 1998 £
Listed investments	5,090	5,090
	<u>5,090</u>	<u>5,090</u>
Market valuation of listed investments	11,105	5,400
	<u>11,105</u>	<u>5,400</u>
 13 Creditors: amounts falling due within one year	 1999 £	 1998 £
Trade creditors	738,279	481,035
Amounts owed to subsidiary undertakings	52,253	310,243
Corporation tax	1,097,837	979,947
Other taxes and social security costs	562,737	620,562
Other creditors	238	638
Accruals and deferred income	150,692	181,866
	<u>2,602,036</u>	<u>2,574,291</u>
 14 Provisions for liabilities and charges		Future costs £
Balance at 1 January 1999		2,070,000
Profit and loss account		848,200
		<u>2,918,200</u>
Balance at 31 December 1999		<u>2,918,200</u>

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

15 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £16,290 (1998 - £19,259)

16 Share capital

	1999	1998
	£	£
Authorised		
12,000 Ordinary shares of £1 each	12,000	12,000
Allotted, called up and fully paid		
12,000 Ordinary shares of £1 each	12,000	12,000

17 Statement of movements on reserves

	Other reserves	Profit and loss account
	£	£
Balance at 1 January 1999	8,000	3,025,809
Retained profit for the year	-	1,610,540
Balance at 31 December 1999	8,000	4,636,349

18 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1999	1998
	£	£
Operating profit	4,883,590	3,183,944
Depreciation of tangible assets	177,516	78,528
Loss on disposal of tangible assets	7,227	5,216
Increase in stocks	(221,221)	(8,257)
Decrease/(increase) in debtors	786,236	(886,894)
(Decrease)/Increase in creditors within one year	(103,771)	900,296
Increase in provision	848,200	848,000
Net cash inflow/(outflow) from operating activities	6,377,777	4,120,833

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

19 Reconciliation of net cash flow to movement in net debt	1999	1998
	£	£
Increase in cash in the year	1,402,739	3,324,122
Movement in net funds in the year	1,402,739	3,324,122
Opening net funds	4,928,745	1,604,623
Closing net funds	6,331,484	4,928,745
20 Reconciliation of movements in shareholders' funds	1999	1998
	£	£
Profit for the financial year	3,610,540	3,221,604
Dividends	(2,000,000)	(1,100,000)
Net addition to shareholders' funds	1,610,540	2,121,604
Opening shareholders' funds	3,045,809	924,205
Closing shareholders' funds	4,656,349	3,045,809
21 Contingent liabilities		

As described in the accounting policy notes, a provision is calculated based on the number of students expected to complete the course. The contingent liability in respect of additional costs which would be incurred if all students currently enrolled were to complete the courses, not provided for in the annual accounts is £6,606,800 (1998 - £5,784,500).

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

22 Directors' emoluments	1999 £	1998 £
Emoluments for qualifying services	335,255	206,733
Company pension contributions to money purchase schemes	13,859	14,522
Pensions to former directors	1,560	2,080
	<u>350,674</u>	<u>223,335</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1998 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	85,800	81,314
Company pension contributions to money purchase schemes	5,363	4,250
	<u>85,800</u>	<u>81,314</u>

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Tutorial and technical	32	14
Administration and selling	65	42
	<u>97</u>	<u>56</u>

Employment costs

	£	£
Wages and salaries	1,512,931	888,696
Social security costs	137,023	80,139
Other pension costs	17,850	33,781
	<u>1,666,244</u>	<u>988,094</u>

COMPUTEACH INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

24 Control

The directors consider, by virtue of his shareholding in the company, the ultimate controlling party is Mr G Parkinson.