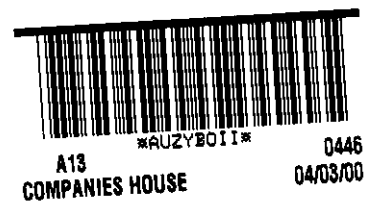


**CERTIFIED ACCOUNTANTS  
INVESTMENT COMPANY LIMITED**

**REPORT AND ACCOUNTS  
YEAR ENDED 31 DECEMBER 1999**

**(COMPANY NUMBER 2240534)**



# **CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

## **ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999**

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# **CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999**

The directors submit their report together with the accounts for the year ended 31 December 1999.

### **Directors' responsibilities**

The directors are required by UK law to prepare accounts for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts 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 enable them to ensure that the accounts 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.

### **Change in accounting policy**

Income from investments is stated net of any attributable tax credits. This is a change in accounting policy from previous years which has been adopted in accordance with Financial Reporting Standard 16, *Current Tax*. The comparative figures for 1998 have been restated accordingly.

### **Results and dividends**

The results for the year are set out on page 4 of the accounts.

On 31 December 1999 a dividend of £286,245 was paid to the holders of 'A' ordinary shares.

### **Principal activity and review of the business**

The company is an investment holding company. The directors are advised by professional fund managers who administer the portfolio of stocks and shares. The directors are satisfied with the results for the year and consider the state of the company's affairs to be satisfactory.

During the year, on the advice of the professional fund managers, the company continued its programme of restructuring the investment portfolio in order to achieve greater diversity. In the course of this exercise, losses on market value of £147,987 (1998: gains of £8,228) were realised during the year. Details of the movement in the market value of investments and year end costs are set out in note 7 to the accounts. Between the balance sheet date and the date of approval of these accounts, the value of the investment portfolio had reduced, in line with stock market performance in general, by £1.2m.

### **Year 2000**

As reported last year, the ultimate parent undertook a detailed review of computer systems and other equipment in order to minimise the risk of adverse consequences arising from the Year 2000 date change, and reviewed the state of readiness of major suppliers. Since the balance sheet date, no problems have been reported and the directors are satisfied that the preparations were entirely successful. Nevertheless, staff remain vigilant for any possible date related issues and virus protection is regularly updated.

### **Ultimate parent**

The ultimate parent and controlling party is the Association of Chartered Certified Accountants, a body incorporated in the UK by Royal Charter.

### **Donations**

During the year, the company made a donation of £1,000,000 to the Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

### Directors

The directors of the company during the year were:

*Jonathan Michael* BECKERLEGGE

*John Raymond Spencer* BRACE (resigned 21 June 1999)

*John William* BROCKWELL

*Paul* CHAN (appointed 21 June 1999)

*Anthony Charles* CRUSE (resigned 21 June 1999)

*David Andrew* DEFTY (appointed 21 June 1999)

*George Raymond* GARDINER (resigned 21 June 1999)

*Robert Alistair* JACKSON (resigned 21 June 1999)

*Moyra* KEDSLIE (appointed 21 June 1999)

*Douglas John* KERR (appointed 21 June 1999)

*Aulous* MADDEN (appointed 21 June 1999)

*John David* MOORE (resigned 6 May 1999)

*John Arthur William* SMITH (appointed 21 June 1999)


*Dennis Eric* TAYLOR (appointed 21 June 1999)

*Michael Edward* TUKE

*Dennis* YEATES (appointed 21 June 1999)

No director has any interest in the shares of the company.

BY ORDER OF THE BOARD



A C Booth

Secretary

17 February 2000

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

Notes	1999 £	<i>restated</i> 1998 £
2 <b>Turnover</b>	<b>572,854</b>	426,003
Administrative expenses	<b>1,293,067</b>	480,903
3 <b>Loss on ordinary activities before taxation</b>	<b>(720,213)</b>	(54,900)
4 Taxation	<b>5,833</b>	14,930
<b>Loss for the financial year</b>	<b>(726,046)</b>	(69,830)
5 Dividend	<b>286,245</b>	202,622
<b>Retained loss for the financial year</b>	<b>(1,012,291)</b>	(272,452)

All amounts relate to continuing activities.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
Loss for the financial year	<b>(726,046)</b>	(69,830)
Unrealised gains on investments	<b>1,834,767</b>	1,145,567
Total gains and losses relating to the year	<b>1,108,721</b>	1,075,737
Prior year adjustment	—	5,342,318
Total gains and losses recognised since last annual report	<b>1,108,721</b>	6,418,055

## NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
Reported loss on ordinary activities before taxation	<b>(720,213)</b>	(54,900)
Realisation of investment revaluation gains of previous years	<b>566,215</b>	292,263
Realisation of property revaluation gains of previous years	<b>501,517</b>	—
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	—	8,056
Historical cost profit on ordinary activities before taxation	<b>347,519</b>	245,419
Historical cost profit for the year retained after taxation and dividend	<b>55,441</b>	27,867

The notes on pages 6 to 10 form part of these accounts.

## BALANCE SHEET AS AT 31 DECEMBER 1999

The accounts were approved by the Board of Directors on 17 February 2000 and were signed on its behalf by:

D A Defty, *Director*

The notes on pages 6 to 10 form part of these accounts.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 1 Accounting policies

#### (a) Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards. In accordance with the exemption available under Financial Reporting Standard 1, the company has not prepared a cash flow statement.

#### (b) Consolidation

Consolidated accounts are not prepared as the company is a wholly owned subsidiary of the Association of Chartered Certified Accountants, a body incorporated in the UK by Royal Charter.

#### (c) Turnover

Turnover is derived from the principal activities of the company and is stated excluding VAT.

#### (d) Tangible fixed assets and depreciation

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

- freehold property - over 50 to 100 years;
- furniture and office equipment - over 7 years.

#### (e) Investments

Quoted fixed asset investments are stated at market value at the balance sheet date.

#### (f) Operating leases

Rentals paid under operating leases are charged on a straight line basis over the term of the lease.

#### (g) Deferred Taxation

Provision is made when it is likely that a liability will crystallise in the foreseeable future.

	1999 £	restated 1998 £
<b>2 Turnover</b>		
Income from investments	284,663	217,552
Rental income	366,603	200,223
(Loss)/gain on sale of fixed asset investments	(147,987)	8,228
Gain on sale of tangible assets	69,575	—
	<u>572,854</u>	<u>426,003</u>

### 3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

Auditors' remuneration	2,052	2,000
Depreciation	89,109	34,906
Donation to CAET (note 13)	1,000,000	288,000
	<u>1,091,161</u>	<u>324,906</u>

The company has no employees other than the directors.

None of the directors received any remuneration during the year.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	Restated 1998 £
<b>4 Taxation</b>		
Irrecoverable Advance Corporation Tax	<u>5,833</u>	<u>14,930</u>

As part of an on-going restructuring of the investment portfolio, the company sold equities during the year and substantially reinvested the proceeds in new stocks. The realised gains would have increased the charge to Corporation Tax by £117,464. As a result of making a payment under *Gift Aid* (note 13), however, the actual tax charge relates entirely to surplus advance corporation tax written off as irrecoverable.

<b>5 Dividend</b>		
Paid on 'A' ordinary shares	<u>286,245</u>	<u>202,622</u>

<b>6 Tangible assets</b>				
	<b>Freehold property £</b>	<b>Furniture and office equipment £</b>	<b>Computer systems and equipment £</b>	<b>Total £</b>
<i>Cost or valuation</i>				
At 1 January 1999	1,800,000	40,372	—	1,840,372
Additions	3,943,024	164,198	144,766	4,251,988
Disposals	(1,820,968)	(40,372)	—	(1,861,340)
At 31 December 1999	<u>3,922,056</u>	<u>164,198</u>	<u>144,766</u>	<u>4,231,020</u>
<i>Accumulated depreciation</i>				
At 1 January 1999	31,286	10,233	—	41,519
Charge for year	50,826	18,842	19,441	89,109
Eliminated on disposals	(56,454)	(14,269)	—	(70,723)
At 31 December 1999	<u>25,658</u>	<u>14,806</u>	<u>19,441</u>	<u>59,905</u>
<i>Net book value</i>				
At 31 December 1999	<u>3,896,398</u>	<u>149,392</u>	<u>125,325</u>	<u>4,171,115</u>
At 31 December 1998	<u>1,768,714</u>	<u>30,139</u>	<u>—</u>	<u>1,798,853</u>

The potential deferred tax liability in respect of accelerated capital allowances on the above was £11,000 (1998: £64,000). No provision has been made because no tax liability is expected to arise.

	1999 £	1998 £
<b>Cost or valuation comprises freehold property stated at:</b>		
Cost	3,922,056	—
Valuation in 1997	<u>—</u>	<u>1,800,000</u>
	<u>3,922,056</u>	<u>1,800,000</u>



# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
<b>6 Tangible assets (continued)</b>		
<b>If stated at historical cost the comparable amounts for the total freehold property would be:</b>		
Cost	3,922,056	1,397,195
Accumulated depreciation	25,658	121,942
Net book value	<u>3,896,398</u>	<u>1,275,253</u>
<b>Capital commitments were as follows:</b>		
Amounts contracted	<u>47,000</u>	<u>2,350,000</u>
Amounts authorised, but not contracted	<u>—</u>	<u>—</u>
<b>7 Investments</b>		
	<b>Related undertakings £</b>	<b>Quoted £</b>
		<b>Total £</b>
Cost or valuation at 1 January 1999	7	9,897,692
Acquisitions	—	1,355,095
Disposals	—	(2,239,310)
Net unrealised investment gains	—	1,834,767
Cost or valuation at 31 December 1999	<u>7</u>	<u>10,848,244</u>
Historical cost as at 31 December 1999	<u>7</u>	<u>3,384,070</u>

The quoted investments are listed on a recognised stock exchange. If the quoted investments were realised at this value a liability to Corporation Tax of approximately £2.05m would potentially arise. No provision has been made for deferred taxation because there is no intention to dispose of the quoted investments in the foreseeable future. Between the balance sheet date and the date of approval of these accounts, the value of the investment portfolio had reduced, in line with stock market performance in general, by £1.2m.

The unquoted investments include the entire issued ordinary share capital of £2 of Certified Accountants Educational Projects Limited. This company is incorporated in England and its principal business is the provision of educational supplies and services, including mailing services. Its profit for the financial year ended 31 December 1999 was £40,418 and its accumulated losses at 31 December 1999 amounted to £1,995,870.

Other related undertakings included above are Accountancy Education Limited, Accountancy Educational Projects Limited, Accountancy Education Services Limited, Open Learning Limited and Accountancy Open Learning Limited. These companies are all incorporated in England. None of these companies traded during the year.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
<b>8 Debtors</b>		
Prepayments and other debtors	<u>340,236</u>	<u>372,139</u>
<b>9 Creditors: amounts falling due within one year</b>		
Trade creditors	33,038	31,620
Amounts due to ultimate parent	2,811,110	848,655
Taxation	230,000	81,170
Other taxes and social security costs	317,614	2,169
Accruals and deferred income	<u>95,597</u>	<u>57,297</u>
	<u>3,487,359</u>	<u>1,020,911</u>
<b>10 Called up share capital</b>		
<i>Authorised</i>		
500 'A' Ordinary shares of £1 each	500	500
500 'B' Ordinary shares of £1 each	<u>500</u>	<u>500</u>
	<u>1,000</u>	<u>1,000</u>
<i>Issued and fully paid</i>		
50 'A' Ordinary shares of £1 each	50	50
50 'B' Ordinary shares of £1 each	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>
<b>11 Reconciliation of movements in shareholders' funds</b>		
Loss for the financial year	(726,046)	(69,830)
Dividends	<u>(286,245)</u>	<u>(202,622)</u>
	(1,012,291)	(272,452)
Increase in value of investments (note 7)	<u>1,834,767</u>	<u>1,145,567</u>
Net additions to shareholders' funds	822,476	873,115
Opening shareholders' funds	<u>11,049,906</u>	<u>10,176,791</u>
Closing shareholders' funds	<u>11,872,382</u>	<u>11,049,906</u>

Under the articles, the 'A' and 'B' shares carry identical rights in respect of voting and participation in a winding up. The company may, however, by ordinary resolution declare different rates of dividend for the two classes or may declare a dividend on one but not the other.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

### 12 Reserves

	Property revaluation reserve £	Investment revaluation reserve £	Total revaluation reserve £	Profit and loss account £
At 1 January 1999	501,517	6,195,622	6,697,139	4,352,667
Transfer of realised profits	(501,517)	(566,215)	(1,067,732)	1,067,732
Surplus on investment revaluations	—	1,834,767	1,834,767	—
Loss for year	—	—	—	(1,012,291)
At 31 December 1999	<u>—</u>	<u>7,464,174</u>	<u>7,464,174</u>	<u>4,408,108</u>

### 13 Related party transactions

During the year, the company made a donation of £1,000,000 (1998: £288,000) to the Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

In accordance with the exemption available under Financial Reporting Standard 8, no disclosure has been made of transactions with the ultimate parent, the Association of Chartered Certified Accountants, or with any of its subsidiaries.

### 14 Prior year adjustment

The comparative figures for 1998 have been restated to reflect a change in accounting policy of stating income from investments net of any attributable tax credits, in order to comply with Financial Reporting Standard 16, *Current Tax*. The effect has been to reduce the turnover and taxation charge by £35,725. There is no effect on the reported loss for either the current or the prior year.

# **CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

We have audited the accounts on pages 4 to 10, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Thomson Cooper & Co.**

*Chartered Certified Accountants and Registered Auditors, Dunfermline*  
17 February 2000