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SERVICES FOR OPEN LEARNING LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2001

[REDACTED]

Company Registration Number 2481025



SERVICES FOR OPEN LEARNING LIMITED

FINANCIAL STATEMENTS Year ended 31 December 2001

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SERVICES FOR OPEN LEARNING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

S J A Dove
Dr Z Reynolds
B H Cooke
G Dwyer (Chairman)
Mrs V Marsden
J Wilsher
J Ruston

Company secretary

S J A Dove

Registered office

1 The Square
BARNSTAPLE
Devon
EX32 8BX

Auditors

Glover Stanbury & Co
Chartered Accountants
& Registered Auditors
30 Bear Street
BARNSTAPLE
Devon
EX32 7DD

Bankers

HSBC plc
10 High Street
BARNSTAPLE
Devon
EX31 1BQ

Solicitors

Brewer Harding & Rowe
1 The Square
BARNSTAPLE
Devon
EX32 8BX

SERVICES FOR OPEN LEARNING LIMITED

THE DIRECTORS' REPORT Year ended 31 December 2001

The directors present their report and the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

Services for Open Learning's principal activities are to provide support for the teaching and learning of English in the countries of Eastern Europe.

Those countries were denied access to the learning of English for over forty years and the resulting shortage of English speakers and teachers has created a serious problem needing to be rectified as they move to an open society and compete on the world markets.

To assist those countries in their development, SOL co-ordinates and provides educational visits to England for student and teacher groups.

SOL also recruits volunteer graduate teachers from the UK to teach English in state schools, colleges and universities. The work of SOL is also recognised by and appreciated by the British Council and the Ministries of Education in those countries.

REVIEW OF ACTIVITIES

Two events dominated the year and caused the worst trading position to date. These events had a nationwide impact with almost all businesses.

The first was the Foot and Mouth disease in the Spring. The appalling visual images conveyed by the media to audiences abroad caused great consternation and as a result several groups cancelled and others came but with smaller numbers.

The second event was the World Trade Center tragedy. We immediately suffered cancellations and postponements due to the many worried parents' concerns and speculation about their child's level of safety in England. Many tourism businesses in the South west of England, which suffered badly because of the Spring situation, reaped great benefits in the Autumn from a higher number of UK tourists remaining in the UK, especially with one of the sunniest and warmest autumns for many years. SOL however, relies on foreign visitors and so has suffered on both counts.

As a result of the above, one quarter of our groups cancelled and the average group size of those groups who still came was the lowest since SOL started.

DIRECTORS

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

S J A Dove	
Dr Z Reynolds	
B H Cooke	
G Dwyer (Chairman)	(Appointed 26 March 2001)
Mrs V Marsden	(Appointed 26 March 2001)
J Wilsher	(Appointed 26 March 2001)
J Ruston	(Appointed 7 February 2002)
J Wray (Chairman)	(Retired 26 March 2001)
Mrs R Sturgess	(Served from 26 March 2001 to 1 December 2001)

THE DIRECTORS' REPORT *(continued)*

Year ended 31 December 2001

FUTURE DEVELOPMENTS AND RISK ASSESSMENT

Looking ahead to 2002, the forecast is much brighter. A new Development Plan has been prepared for the next three years and a new fund-raising campaign is underway. In 2002, there is a considerable increase in the number of groups and the group size average is certain to be higher. Half of the groups are booking from Hungary where the economy is the strongest. New coordinators are working in Croatia and Poland though their results may not show in the first year. Group income alone is likely to significantly reduce the accumulated deficit this year.

However, it remains a priority to raise income through donations. Raising people's awareness of the importance of the work that is done is a major part in this. As the last year has shown, to rely on course income as the primary source is too great a risk. A target of just 7% of total income raised through donations would enable the remaining deficit to be removed and then reserves can be built up for the future.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITORS

A resolution to re-appoint Glover Stanbury & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

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

Signed by order of the directors



S J A DOVE
Company Secretary

Approved by the directors on 10 October 2002

Glover Stanbury Co

C H A R T E R E D A C C O U N T A N T S

SERVICES FOR OPEN LEARNING LIMITED

AUDITORS' REPORT TO THE MEMBERS

Year ended 31 December 2001

We have audited the financial statements on pages 5 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 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 the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT 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.

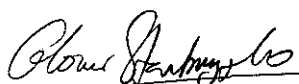
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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 2001 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

30 Bear Street
Barnstaple
Devon
EX32 7DD

11 October 2002


GLOVER STANBURY & CO
Chartered Accountants &
Registered Auditors

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Devon

EX32 7DD

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27 Bridgeland Street

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P A R T N E R S

Martin J Chance

Steve D Pearce

Brian C Ross

Kevin N Salter

C O N S U L T A N T

H Mike J Glover



INVESTOR IN PEOPLE



Registered to carry on audit work and regulated for a range of investment business activities by The Institute of Chartered Accountants in England & Wales.

SERVICES FOR OPEN LEARNING LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2001

	Note	2001 £	2000 £
Incoming Resources			
Income from trading activities in furtherance of charities objects		305,672	320,118
Grants and donations		3,474	7,617
Fundraising		118	296
Bank interest		34	130
Total Incoming Resources		<u>309,298</u>	<u>328,161</u>
Resources Expended			
Direct charitable expenditure and support costs		311,584	310,581
Fundraising and publicity		888	687
Management and administration of charity	3	15,210	13,321
Total Resources Expended		<u>327,682</u>	<u>324,589</u>
Net Incoming/(Outgoing) Resources for the year		(18,384)	3,572
Balance brought forward		(46,204)	(49,776)
BALANCE CARRIED FORWARD		<u>(64,588)</u>	<u>(46,204)</u>

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

All of the activities of the company are classed as continuing.

The notes on pages 7 to 9 form part of these financial statements.

SERVICES FOR OPEN LEARNING LIMITED

BALANCE SHEET 31 December 2001

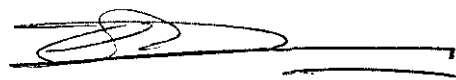
	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	4	<u>11,968</u>	<u>11,867</u>
CURRENT ASSETS			
Stocks		125	664
Debtors	5	471	2,994
Cash at bank and in hand		<u>288</u>	<u>1,058</u>
CREDITORS: Amounts falling due within one year	6	<u>884</u> <u>(77,441)</u>	<u>4,716</u> <u>(62,788)</u>
NET CURRENT LIABILITIES		<u>(76,557)</u>	<u>(58,072)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(64,589)</u>	<u>(46,205)</u>
RESERVES			
Statement of Financial Activities	8 9	<u>(64,589)</u>	<u>(46,205)</u>
DEFICIENCY / MEMBERS FUNDS - Unrestricted		<u>(64,589)</u>	<u>(46,205)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 10 October 2002, and are signed on their behalf by:



S J A DOVE



G DWYER (CHAIRMAN)

The notes on pages 7 to 9 form part of these financial statements.

SERVICES FOR OPEN LEARNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Income from trading activities

The income from trading activities shown in the statement of financial activities represents amounts invoiced during the year.

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:

Leasehold property improvements	- 5% of cost
Fixtures and fittings	- 15% reducing balance
Motor vehicles	- 25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Foreign currencies

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.

2. NET INCOMING / (OUTGOING) RESOURCES

Net incoming/ (outgoing) resources are stated after charging:

	2001 £	2000 £
Depreciation	2,087	2,094
Auditors' fees	1,750	1,750
Net loss on foreign currency translation	235	181

SERVICES FOR OPEN LEARNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2001

3. MANAGEMENT AND ADMINISTRATION OF THE CHARITY

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

	2001 No.	2000 No.
Number of administrative staff	6	6
Number of management staff	1	1
Number of other staff	19	22
	<u>26</u>	<u>29</u>
	2001 £	2000 £
Salaries and Employer Costs	7,433	7,615
Administration Costs	987	735
Accountancy and audit fees	6,790	4,970
	<u>15,210</u>	<u>14,857</u>

4. TANGIBLE FIXED ASSETS

	Leasehold property improvements £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 January 2001	2,227	22,227	4,500	28,954
Additions	-	2,188	-	2,188
At 31 December 2001	<u>2,227</u>	<u>24,415</u>	<u>4,500</u>	<u>31,142</u>
DEPRECIATION				
At 1 January 2001	592	13,123	3,372	17,087
Charge for the year	111	1,694	282	2,087
At 31 December 2001	<u>703</u>	<u>14,817</u>	<u>3,654</u>	<u>19,174</u>
NET BOOK VALUE				
At 31 December 2001	<u>1,524</u>	<u>9,598</u>	<u>846</u>	<u>11,968</u>
At 31 December 2000	<u>1,635</u>	<u>9,104</u>	<u>1,128</u>	<u>11,867</u>

SERVICES FOR OPEN LEARNING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2001

5. DEBTORS

	2001 £	2000 £
Trade debtors	-	1,029
Other debtors	471	1,965
	<u>471</u>	<u>2,994</u>

6. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	11,789	10,498
Trade creditors	22,569	19,786
Other creditors comprise:		
Loan - North Devon District Council	10,000	20,000
Loan - Torridge District Council	10,000	10,000
Other creditors	120	-
	<u>54,478</u>	<u>60,284</u>
Accruals and deferred income	22,963	2,504
	<u>77,441</u>	<u>62,788</u>

Deferred income represents deposits and other monies received in advance in respect of visits to be made during the forthcoming year.

7. RELATED PARTY TRANSACTIONS

S J A Dove is a partner with Messrs Brewer Harding & Rowe, the company's solicitors. In addition to his work as a council member, for which there is no fee, any legal work carried out by Messrs Brewer Harding & Rowe is chargeable on a normal commercial basis. The value of such legal work charged to the company during the year was £NIL (2000 - £NIL). The trustees have not received any remuneration for their services.

8. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee under its Memorandum and Articles of Association and does not have a share capital. The limit of each member's guarantee is £1.

9. STATEMENT OF FUNDS

	2001 £	2000 £
Balance brought forward	(46,205)	(49,777)
Movement in resources for the financial year	(18,384)	3,572
	<u>(64,589)</u>	<u>(46,205)</u>