

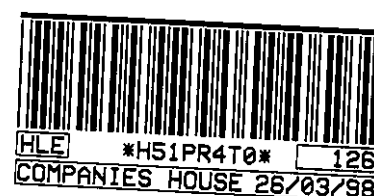
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**Specialised Courses Offering Purposeful
Education Limited**

Directors' report and financial statements

30 June 1997

Registered number 2485984



Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the period ended 30 June 1997.

Results and dividends

The profit for the period after taxation was £28,859.

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

Business review

The results for the period are as set out in the profit and loss account on page 4.

Directors and their interests

The directors of the company during the period and their beneficial interests in the company's share capital were as follows:

	Class of share	Interest at end of period	Interest at start of period
PD Adams (resigned 6 January 1997)	Ordinary shares	-	1,000
B Adams (resigned 6 January 1997)	Ordinary shares	-	1,000
TF Nicholson (appointed 6 January 1997)	Ordinary shares	-	-
AL Robinson (appointed 27 May 1997)	Ordinary shares	-	-
DG Cormack (appointed 21 October 1997, resigned 17 December 1997)	Ordinary shares	-	-

Auditors

Following change in ownership of the company Sagars resigned as auditors and KPMG were appointed to fill the vacancy.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



TF Nicholson
Director

Hamilton House
1 Temple Avenue
London
EC4Y 0HA

25 February 1998

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Peat House
1 Commercial Street
Forster Square
Bradford
BD1 4AS

Report of the auditors to the members of Specialised Courses Offering Purposeful Education Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 2 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 30 June 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'khug'.

KPMG
Chartered Accountants
Registered Auditors

25 February 1998

Profit and loss account
for the period ended 30 June 1997

	<i>Note</i>	6 months ended 30 June 1997	8 months ended 5 January 1997
		£	£
Turnover	2	386,651	501,668
Other operating income	3	-	23,336
		<hr/>	<hr/>
		386,651	525,004
Staff costs	5	168,067	402,641
Depreciation		4,017	7,252
Other operating charges		167,349	115,621
		<hr/>	<hr/>
		(339,433)	(525,514)
		<hr/>	<hr/>
Operating profit/(loss)	4-5	47,218	(510)
Interest received	6	-	9,535
		<hr/>	<hr/>
		47,218	9,025
Interest payable	7	-	(132)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		47,218	8,893
Tax on profit on ordinary activities	8	(18,359)	(1,587)
		<hr/>	<hr/>
Profit for the financial period		28,859	7,306
Dividends	9	-	(102,000)
		<hr/>	<hr/>
Retained profit/(loss) for the financial period		28,859	(94,694)
Retained profit brought forward		61,424	156,118
		<hr/>	<hr/>
Retained profit for the period carried forward		90,283	61,424
		<hr/>	<hr/>

The profit and loss account contains all the gains and losses recognised in the current and preceding periods and the profit retained in those periods represents the only movement in shareholders' funds.

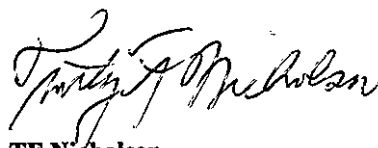
Reconciliation of movements in shareholders funds
For the period ended 30 June 1997

	6 months ended 30 January 1997	8 months ended 5 January 1997
	£	£
Profit for the financial period	28,859	7,306
Dividend	-	(102,000)
	<hr/>	<hr/>
Opening shareholders' funds	28,859	(94,694)
	63,424	158,118
	<hr/>	<hr/>
Closing shareholders funds	92,283	63,424
	<hr/>	<hr/>

Balance sheet
at 30 June 1997

	<i>Note</i>	30 June 1997	5 January 1997
		£	£
Fixed assets			
Tangible assets	<i>10</i>	49,735	63,423
Current assets			
Stocks	<i>11</i>	1,410	750
Debtors	<i>12</i>	248,907	43,039
Cash at bank and in hand		1,775	41,118
		<hr/>	<hr/>
		252,092	84,907
Creditors: amounts falling due within one year	<i>13</i>	(207,544)	(84,906)
		<hr/>	<hr/>
Net current assets		44,548	1
		<hr/>	<hr/>
Total assets less current liabilities		94,283	63,424
Provisions for liabilities and charges	<i>14</i>	(2,000)	-
		<hr/>	<hr/>
Net assets		92,283	63,424
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>15</i>	2,000	2,000
Profit and loss account		90,283	61,424
		<hr/>	<hr/>
Equity Shareholders' funds		92,283	63,424
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 25 February 1998 and were signed on its behalf by:



TF Nicholson
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company's ultimate parent company, Speciality Care plc, has confirmed its policy of providing financial support to the company and on the strength of this assurance the financial statements have been prepared on a going concern basis.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of Speciality Care plc and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	3.33% per annum
Plant, equipment and motor vehicles	-	15% per annum to 33.33% per annum

No depreciation is provided on freehold land.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

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 amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Turnover

The turnover and pre-tax profit are wholly attributable to the company's main activity.

The turnover arises entirely in the UK.

3 Other operating income

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
Permanent Health Insurance	-	13,806
Wayleave	-	16
Telephone receipts	-	989
Sundry income	-	8,525
	<hr/>	<hr/>
	-	23,336
	<hr/>	<hr/>

Notes (continued)

4 Operating profit/(loss)

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
This is stated after charging/(crediting):		
Directors' remuneration	-	176,066
Auditors' remuneration - audit services	-	700
Depreciation	4,017	9,940
Adjustment on disposal of fixed assets	-	(2,688)
Hire of plant and equipment	205	298
Operating lease rentals	103,717	-
	<hr/>	<hr/>

The auditors' remuneration is discharge by Speciality Care PLC the parent company.

5 Employee information

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
Staff costs:		
Wages and salaries	153,161	251,039
Social security costs	12,981	23,307
Other pension costs	1,925	128,295
	<hr/>	<hr/>
	168,067	402,641
	<hr/>	<hr/>

The average weekly number of employees during the period was made up as follows:

	Period ended 30 June 1997 No	Period ended 5 January 1997 No
Directors	4	2
Health care	36	38
	<hr/>	<hr/>
	40	40
	<hr/>	<hr/>

Notes (continued)

6 Interest receivable

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
Bank interest	-	9,535
	<hr/>	<hr/>

7 Interest payable

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
Bank overdrafts repayable within 5 years	-	89
On tax overdue	-	43
	<hr/>	<hr/>
	-	132
	<hr/>	<hr/>

8 Taxation

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
Based on the loss/profit on ordinary activities for the period:		
UK corporation tax at 33% (1997 : 25%/24%)	-	1,550
Adjustment to previous periods	-	37
Deferred taxation:		
- Current year	239	-
- Prior year	1,761	-
Group relief	16,359	-
	<hr/>	<hr/>
	18,359	1,587
	<hr/>	<hr/>

9 Dividends

	Period ended 30 June 1997 £	Period ended 5 January 1997 £
Interim dividend paid:		
£Nil (5 January 1997 : £51) per share	-	102,000
	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets

	Property £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 5 January 1997	14,121	48,838	28,440	33,968	125,367
Additions	19,930	190	7,976	1,792	29,888
Disposals	(14,121)	(48,838)	(28,440)	-	(91,399)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1997	19,930	190	7,976	35,760	63,856
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 5 January 1997	2,198	30,608	19,034	10,104	61,944
Charge for period	-	5	1,121	2,891	4,017
Disposals	(2,198)	(30,608)	(19,034)	-	(51,840)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1997	-	5	1,121	12,995	14,121
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 30 June 1997	19,930	185	6,855	22,765	49,735
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 5 January 1997	11,923	18,230	9,406	23,864	63,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

11 Stocks

	30 June 1997 £	5 January 1997 £
Raw materials and consumables	1,410	750
	<hr/>	<hr/>

12 Debtors

	30 June 1997 £	5 January 1997 £
Trade debtors	36,476	7,190
Tax recoverable	7,884	21,050
Amounts owed to group undertakings	178,110	-
Other debtors	23,058	8,175
Prepayments	3,379	6,624
	<hr/>	<hr/>
	248,907	43,039
	<hr/>	<hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	30 June 1997 £	5 January 1997 £
Bank overdrafts	5,728	-
Trade creditors	4,495	4,179
Corporation tax	-	38,216
Other taxes and social security costs	11,342	6,023
Other creditors	37,590	316
Directors' current accounts	-	35,802
Accruals and deferred income	148,389	370
	<hr/> 207,544 <hr/>	<hr/> 84,906 <hr/>

14 Provisions for liabilities and charges

The amount provided for deferred taxation, which is fully provided for, is as set out below:

	30 June 1997 £	5 January 1997 £
Difference between accumulated depreciation and capital allowances	2,000	2,000
	<hr/>	<hr/>
	Deferred taxation	
		£
At beginning of period		-
Charge for period (note 8)		2,000
		<hr/>
At end of period		2,000
		<hr/>

15 Called up share capital

	Authorised		Allotted and fully paid	
	30 June 1997 No.	5 January 1997 No.	30 June 1997 No.	5 January 1997 No.
Ordinary shares of £1 each	50,000	50,000	2,000	2,000
	<hr/>	<hr/>	<hr/>	<hr/>

Notes *(continued)*

16 Related party disclosures

Until 5 January 1997 the company was controlled by Mr P Adams and Mrs B Adams. Throughout the period to 5 January 1997 the company operated rent free from premises owned by Mr PD Adams and Mrs B Adams.

17 Ultimate parent company

Following the acquisition of the share capital of the company by Speciality Care (Medicare) Limited with effect from 6 January 1997, Speciality Care PLC is the ultimate parent company.

Speciality Care PLC is registered in England and Wales and copies of their financial statements can be obtained from the Registrar of Companies.