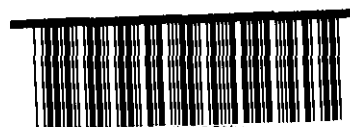


ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999
FOR
METROPOLITAN INTERNATIONAL SCHOOLS LTD



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METROPOLITAN INTERNATIONAL SCHOOLS LTD

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for the Year Ended 31 March 1999**

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METROPOLITAN INTERNATIONAL SCHOOLS LTD

COMPANY INFORMATION
for the Year Ended 31 March 1999

DIRECTORS: Mr G E Butler
Mr M J M Smith

SECRETARY: Mr M J M Smith

REGISTERED OFFICE: 500 Chesham House
150 Regent Street
LONDON
W1R 5QZ

REGISTERED NUMBER: 2646404 (England and Wales)

AUDITORS: Foxley Kingham
Chartered Accountants
Registered Auditors
29 Cardiff Road
Luton
Beds
LU1 1PP

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 1999**

The directors present their report with the financial statements of the company for the year ended 31 March 1999.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of marketing and providing home study courses.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 1999 was £122,000.

FUTURE DEVELOPMENTS

The directors intend to continue their present management policies for the foreseeable future.

DIRECTORS

The directors during the year under review were:

Mr G E Butler

Mr M J M Smith

The beneficial interests of the directors holding office on 31 March 1999 in the issued share capital of the company were as follows:

	31.3.99	1.4.98
Ordinary £1 shares		
Mr G E Butler	3,000	3,000
Mr M J M Smith	-	-

STATEMENT OF 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

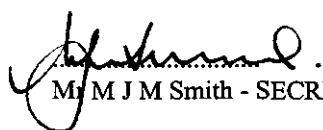
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Foxley Kingham, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mr M J M Smith - SECRETARY

Dated: 23 May 2000

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**REPORT OF THE AUDITORS TO
METROPOLITAN INTERNATIONAL SCHOOLS LTD
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages four to fifteen, together with the full financial statements of the company for the year ended 31 March 1999 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

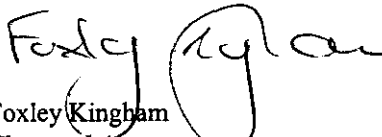
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages four to fifteen are properly prepared in accordance with that provision.


Foxley Kingham
Chartered Accountants
Registered Auditors
29 Cardiff Road
Luton
Beds
LU1 1PP

Dated:

METROPOLITAN INTERNATIONAL SCHOOLS LTD

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 1999

		1999		1998	
	Notes	£	£	£	£
GROSS PROFIT			5,979,914		3,669,018
Administrative expenses			5,515,862		4,125,195
OPERATING PROFIT/(LOSS)	3		464,052		(456,177)
Interest receivable and similar income			4,273		2,054
			468,325		(454,123)
Interest payable and similar charges	4		6,468		-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			461,857		(454,123)
Tax on profit/(loss) on ordinary activities	5		119,392		(99,770)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			342,465		(354,353)
Dividends	6		122,000		20,000
			220,465		(374,353)
Retained profit brought forward:					
As previously reported		1,798,348		2,772,270	
Prior year adjustments	7	(476,394)		(1,075,963)	
As restated			1,321,954		1,696,307
RETAINED PROFIT CARRIED FORWARD			£1,542,419		£1,321,954

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 March 1999**

	1999	1998
	<u>£</u>	<u>£</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	342,465	(354,353)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>342,465</u>	<u>(354,353)</u>
Prior year adjustment	<div> <div>Note</div> <div>7</div> </div> (476,394)	<u>(1,075,963)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u><u>£(133,929)</u></u>	<u><u>£(1,430,316)</u></u>

The notes form part of these financial statements

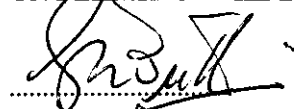
METROPOLITAN INTERNATIONAL SCHOOLS LTD

ABBREVIATED BALANCE SHEET
31 March 1999

		1999		1998	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		200,496		140,806
CURRENT ASSETS:					
Stocks	9	387,500		345,000	
Debtors	10	3,074,910		2,418,407	
Cash at bank		51,301		7,519	
		<u>3,513,711</u>		<u>2,770,926</u>	
CREDITORS: Amounts falling due within one year	11	<u>2,157,983</u>		<u>1,586,778</u>	
NET CURRENT ASSETS:			<u>1,355,728</u>		<u>1,184,148</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,556,224		1,324,954
CREDITORS: Amounts falling due after more than one year	12		10,805		-
			<u>£1,545,419</u>		<u>£1,324,954</u>
CAPITAL AND RESERVES:					
Called up share capital	17		3,000		3,000
Profit and loss account			<u>1,542,419</u>		<u>1,321,954</u>
Shareholders' funds	19		<u>£1,545,419</u>		<u>£1,324,954</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:



Mr G E Butler - DIRECTOR

Approved by the Board on 23/05/00

The notes form part of these financial statements

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**CASH FLOW STATEMENT
for the Year Ended 31 March 1999**

		1999	1998
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	791,630	(70,335)
Returns on investments and servicing of finance	2	(2,195)	2,054
Taxation		(481,130)	(160,000)
Capital expenditure	2	(81,341)	49,235
Equity dividends paid		(122,000)	(20,000)
		<u>104,964</u>	<u>(199,046)</u>
Financing	2	1,129	16
Increase/(Decrease) in cash in the period		<u>£106,093</u>	<u>£(199,030)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		<u>106,093</u>	<u>(199,030)</u>
Change in net debt resulting from cash flows		106,093	(199,030)
New finance leases		(18,433)	-
Movement in net debt in the period		<u>87,660</u>	<u>(199,030)</u>
Net (debt)/funds at 1 April 1998		<u>(131,929)</u>	<u>67,101</u>
Net debt at 31 March 1999		<u>£(44,269)</u>	<u>£(131,929)</u>

The notes form part of these financial statements

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 1999**

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit/(loss)	464,052	(456,177)
Depreciation charges	42,950	25,418
Profit on sale of fixed assets	(2,866)	(28,809)
(Increase)/Decrease in stocks	(42,500)	80,000
Increase in debtors	(656,503)	(362,195)
Increase in creditors	986,497	671,428
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	791,630	(70,335)
	<hr/>	<hr/>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest received	4,273	2,054
Interest paid	(6,468)	-
	<hr/>	<hr/>
Net cash (outflow)/inflow for returns on investments and servicing of finance	(2,195)	2,054
	<hr/>	<hr/>
Capital expenditure		
Purchase of tangible fixed assets	(87,841)	(25,716)
Sale of tangible fixed assets	6,500	74,951
	<hr/>	<hr/>
Net cash (outflow)/inflow for capital expenditure and financial investment	(81,341)	49,235
	<hr/>	<hr/>
Financing		
Amount introduced by directors	1,129	16
	<hr/>	<hr/>
Net cash inflow from financing	1,129	16
	<hr/>	<hr/>

The notes form part of these financial statements

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 1999**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.98 £	Cash flow £	Other non-cash changes £	At 31.3.99 £
Net cash:				
Cash at bank	7,519	43,782		51,301
Bank overdrafts	(139,448)	62,311		(77,137)
	<u>(131,929)</u>	<u>106,093</u>		<u>(25,836)</u>
Debt:				
Hire purchase	-	-	(18,433)	(18,433)
	<u>-</u>	<u>-</u>	<u>(18,433)</u>	<u>(18,433)</u>
Total	<u>(131,929)</u>	<u>106,093</u>	<u>(18,433)</u>	<u>(44,269)</u>
Analysed in Balance Sheet				
Cash at bank	7,519			51,301
Bank overdrafts	(139,448)			(77,137)
Hire purchase				
within one year	-			(7,628)
after one year	-			(10,805)
	<u>(131,929)</u>			<u>(44,269)</u>

The notes form part of these financial statements

METROPOLITAN INTERNATIONAL SCHOOLS LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS for the Year Ended 31 March 1999

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on reducing balance

Stocks

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

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Prior year adjustment

A prior year adjustment was made during the year and also in the year ended 31 March 1998 (see note 7).

2. STAFF COSTS

	1999	1998
	£	£
Wages and salaries	74,185	56,479
Social security costs	6,770	4,952
	<hr/>	<hr/>
	80,955	61,431
	<hr/>	<hr/>

The average monthly number of employees during the year was as follows:

	1999	1998
Directors	2	2
Administration	4	3
	<hr/>	<hr/>
	6	5
	<hr/>	<hr/>

METROPOLITAN INTERNATIONAL SCHOOLS LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS for the Year Ended 31 March 1999

3. OPERATING PROFIT/(LOSS)

The operating profit (1998 - operating loss) is stated after charging/(crediting):

	1999 £	1998 £
Hire of plant and machinery	180,840	126,894
Depreciation - owned assets	35,519	25,418
Depreciation - assets on hire purchase contracts	7,431	-
Profit on disposal of fixed assets	(2,866)	(28,809)
Auditors' remuneration	7,940	10,000
Operating lease - land & buildings	68,290	43,290
	<u>37,107</u>	<u>28,855</u>
Directors' emoluments		
	<u>37,107</u>	<u>28,855</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Interest on late tax payments	6,468	-
	<u>6,468</u>	<u>-</u>

5. TAXATION

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	1999 £	1998 £
UK corporation tax	119,392	(99,770)
	<u>119,392</u>	<u>(99,770)</u>

UK corporation tax has been charged at 25.26% (1998 - 21%).

6. DIVIDENDS

	1999 £	1998 £
Equity shares:		
Final - paid	122,000	20,000
	<u>122,000</u>	<u>20,000</u>

7. PRIOR YEAR ADJUSTMENTS

During the year ended 31 March 1999, an adjustment of £603,031 was made to the previously reported figures in 1998 to reflect an adjustment to the finance charge on student loan facilities and the final agreement on the VAT assessment raised by H M Customs & Excise. The adjustment resulted in a decrease in the corporation tax charge in 1998 of £126,637, giving a net prior year adjustment of £476,394.

During the year ended 31 March 1998, an adjustment of £1,134,770 was made to the previously reported figures in 1997 to reflect the final agreement relating to the arrangement of credit facilities to students. An adjustment of £471,145 was also made to the previously reported figures in 1997 to reflect an adjustment to the related tax position. The adjustments resulted in a decrease in the tax charge in 1997 of £529,952, giving a net prior year adjustment of £1,075,963.

All relevant comparatives have been adjusted.

METROPOLITAN INTERNATIONAL SCHOOLS LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 1999

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 April 1998	226,121	8,614	-	234,735
Additions	7,316	29,725	69,233	106,274
Disposals	-	(8,614)	-	(8,614)
At 31 March 1999	233,437	29,725	69,233	332,395
DEPRECIATION:				
At 1 April 1998	88,949	4,980	-	93,929
Charge for year	21,673	7,431	13,846	42,950
Eliminated on disposals	-	(4,980)	-	(4,980)
At 31 March 1999	110,622	7,431	13,846	131,899
NET BOOK VALUE:				
At 31 March 1999	122,815	22,294	55,387	200,496
At 31 March 1998	137,172	3,634	-	140,806

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
Additions	29,725
At 31 March 1999	29,725
DEPRECIATION:	
Charge for year	7,431
At 31 March 1999	7,431
NET BOOK VALUE:	
At 31 March 1999	22,294

9. STOCKS

	1999	1998
	£	£
Stock	387,500	345,000

METROPOLITAN INTERNATIONAL SCHOOLS LTD

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 1999

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Trade debtors	1,828,433	1,228,435
Other debtors	66,431	77,743
Prepayments & accrued income	230,077	117,424
Taxes and social security	446,406	994,805
Taxation	503,563	-
	<u>3,074,910</u>	<u>2,418,407</u>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdrafts (see note 13)	77,137	139,448
Hire purchase contracts (see note 14)	7,628	-
Trade creditors	149,611	31,482
Other creditors	328,897	-
Directors' current accounts	1,145	16
Social security & other taxes	946,339	661,020
Taxation	-	361,738
Accrued expenses	647,226	393,074
	<u>2,157,983</u>	<u>1,586,778</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
Hire purchase contracts (see note 14)	10,805	-
	<u>10,805</u>	<u>-</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1999 £	1998 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>77,137</u>	<u>139,448</u>

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 1999**

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	1999	1998
	£	£
Gross obligations repayable:		
Within one year	8,989	-
Between one and five years	12,734	-
	<u>21,723</u>	<u>-</u>
Finance charges repayable:		
Within one year	1,361	-
Between one and five years	1,929	-
	<u>3,290</u>	<u>-</u>
Net obligations repayable:		
Within one year	7,628	-
Between one and five years	10,805	-
	<u>18,433</u>	<u>-</u>

The following payments are committed to be paid within one year:

	Land and buildings operating leases	
	1999	1998
	£	£
Expiring:		
In more than five years	95,490	82,990
	<u>95,490</u>	<u>82,990</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	1999	1998
	£	£
Hire purchase contracts	18,433	-
	<u>18,433</u>	<u>-</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

The amount for which no provision has been made in respect of deferred taxation, is as follows:

	1999	1998
	£	£
Capital allowances	15,436	6,698
	<u>15,436</u>	<u>6,698</u>

METROPOLITAN INTERNATIONAL SCHOOLS LTD

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 1999**

17. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	1999	1998
		£1	£	£
100,000	Ordinary		100,000	100,000
			<u> </u>	<u> </u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1999	1998
		£1	£	£
3,000	Ordinary		3,000	3,000
			<u> </u>	<u> </u>

18. RELATED PARTY DISCLOSURES

Mr G E Butler received dividends of £122,000 by virtue of his shareholding.

At the year end the company owed Mr G E Butler £1,145.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit/(Loss) for the financial year	342,465	(354,353)
Dividends	(122,000)	(20,000)
	<u> </u>	<u> </u>
NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS	220,465	(374,353)
Opening shareholders' funds		
(originally £1,801,348 before		
prior year adjustment of £(476,394))	1,324,954	1,699,307
	<u> </u>	<u> </u>
CLOSING SHAREHOLDERS' FUNDS	1,545,419	1,324,954
	<u> </u>	<u> </u>
Equity interests	1,545,419	1,324,954
	<u> </u>	<u> </u>