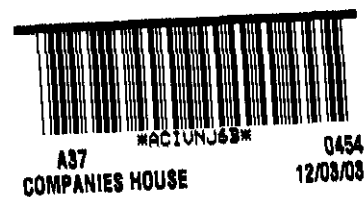


ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002
FOR
METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED



**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

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for the Year Ended 31 March 2002**

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**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**COMPANY INFORMATION
for the Year Ended 31 March 2002**

DIRECTOR: Mr G E Butler

SECRETARY: Mr P N Barrett

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

REGISTERED NUMBER: 2646404 (England and Wales)

AUDITORS: Foxley Kingham Chartered Accountants
Registered Auditors
Prospero House
46-48 Rothesay Road
Luton
Bedfordshire
LU1 1QZ

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**REPORT OF THE DIRECTOR
for the Year Ended 31 March 2002**

The director presents his report with the financial statements of the company for the year ended 31 March 2002.

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 2002 was £45,700.

FUTURE DEVELOPMENTS

The director intends to continue the present management policy for the foreseeable future.

DIRECTOR

Mr G E Butler was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.3.02	1.4.01
Ordinary £1 shares	3,000	3,000

THE EURO

The director believes that the company has taken reasonable steps to prepare for the introduction of the euro and that the company will be able to deal with any such problems that may occur.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


Mr P N Barrett - SECRETARY

Dated: 6-3-03

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

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

We have examined the abbreviated financial statements on pages four to fourteen, together with the full financial statements of the company for the year ended 31 March 2002 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of director and auditors

The director is 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 fourteen are properly prepared in accordance with that provision.



Foxley Kingham Chartered Accountants
Registered Auditors
Prospero House
46-48 Rothesay Road
Luton
Bedfordshire
LU1 1QZ

Dated: 7/3/03

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2002**

		2002	2001
	Notes	£	£
GROSS PROFIT		6,672,327	8,588,798
Administrative expenses		6,298,859	8,535,278
OPERATING PROFIT	3	373,468	53,520
Interest receivable and similar income		2,939	8,219
		376,407	61,739
Interest payable and similar charges	5	1,041	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		375,366	61,739
Tax on profit on ordinary activities	6	81,942	507,960
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		293,424	(446,221)
Dividends	7	45,700	40,000
		247,724	(486,221)
Retained profit brought forward		800,901	1,287,122
RETAINED PROFIT CARRIED FORWARD		£1,048,625	£800,901

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

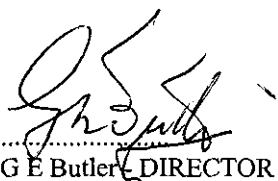
**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**ABBREVIATED BALANCE SHEET
31 March 2002**

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		574,451		409,048
CURRENT ASSETS:					
Stocks	9	716,414		534,647	
Debtors	10	6,512,210		3,570,288	
Cash at bank and in hand		90,673		226,287	
		7,319,297		4,331,222	
CREDITORS: Amounts falling due within one year	11	5,674,157		3,706,869	
NET CURRENT ASSETS:			1,645,140		624,353
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,219,591		1,033,401
CREDITORS: Amounts falling due after more than one year	12		1,167,966		229,500
			<u>£1,051,625</u>		<u>£803,901</u>
CAPITAL AND RESERVES:					
Called up share capital	16		3,000		3,000
Profit and loss account			1,048,625		800,901
SHAREHOLDERS' FUNDS:	18		<u>£1,051,625</u>		<u>£803,901</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 06/03/2003,

The notes form part of these financial statements

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**CASH FLOW STATEMENT
for the Year Ended 31 March 2002**

		2002		2001	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		211,682		419,880
Returns on investments and servicing of finance	2		1,898		8,219
Taxation			(95,322)		-
Capital expenditure	2		(437,061)		(305,049)
Equity dividends paid			(45,700)		(40,000)
			<u>(364,503)</u>		<u>83,050</u>
Financing	2		(624)		(8,141)
(Decrease)/Increase in cash in the period			<u>£(365,127)</u>		<u>£74,909</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(365,127)		74,909
Cash outflow from decrease in debt and lease financing			-		10,806
			<u>-</u>		<u>10,806</u>
Change in net funds resulting from cash flows			<u>(365,127)</u>		<u>85,715</u>
Movement in net funds in the period			<u>(365,127)</u>		<u>85,715</u>
Net funds at 1 April			<u>136,755</u>		<u>51,040</u>
Net (debt)/funds at 31 March			<u>£(228,372)</u>		<u>£136,755</u>

The notes form part of these financial statements

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2002**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	373,468	53,520
Depreciation charges	271,657	173,002
Loss on sale of fixed assets	-	6,221
Increase in stocks	(181,767)	(163,268)
Increase in debtors	(2,941,921)	(1,069,191)
Increase in creditors	2,690,245	1,419,596
Net cash inflow from operating activities	<u>211,682</u>	<u>419,880</u>

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

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	2,939	8,219
Interest paid	(1,041)	-
Net cash inflow for returns on investments and servicing of finance	<u>1,898</u>	<u>8,219</u>
Capital expenditure		
Purchase of tangible fixed assets	(437,061)	(315,548)
Sale of tangible fixed assets	-	10,499
Net cash outflow for capital expenditure	<u>(437,061)</u>	<u>(305,049)</u>
Financing		
Loan repayments in year	-	(10,806)
Amount introduced by directors	-	2,665
Amount withdrawn by directors	(624)	-
Net cash outflow from financing	<u>(624)</u>	<u>(8,141)</u>

The notes form part of these financial statements

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2002**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.01 £	Cash flow £	At 31.3.02 £
Net cash:			
Cash at bank and in hand	226,287	(135,614)	90,673
Bank overdrafts	(89,532)	(229,513)	(319,045)
	<u>136,755</u>	<u>(365,127)</u>	<u>(228,372)</u>
 Total	 <u>136,755</u>	 <u>(365,127)</u>	 <u>(228,372)</u>
 Analysed in Balance Sheet			
 Cash at bank and in hand	 226,287		 90,673
Bank overdrafts	(89,532)		(319,045)
	<u>136,755</u>		<u>(228,372)</u>

The notes form part of these financial statements

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2002**

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Following changes in legislation the company changed its Accounting Policy with effect from 1 September 2000 and turnover excluding value added tax from the sale of courses is recognised on a receivable basis. Prior to September income from sale of courses was recognised in the profit and loss account upon receipt of the fees.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 10% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 50% 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 tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

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

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	171,193	116,395
Social security costs	18,627	10,404
	<u>189,820</u>	<u>126,799</u>

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

	2002	2001
Directors	1	1
Administration	8	6
	<u>9</u>	<u>7</u>

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2002**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Hire of plant and machinery	18,154	103,057
Depreciation - owned assets	271,657	173,002
Loss on disposal of fixed assets	-	6,221
Auditors' remuneration	10,000	9,300
Operating lease - land & buildings	<u>157,165</u>	<u>114,290</u>
 Directors' emoluments	 <u>62,005</u>	 <u>54,259</u>

4. EXCEPTIONAL ITEMS

Included within other operating income is an amount of £1,000,000 representing an agreed claim for compensation for loss of income.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest	1,028	-
Interest on late tax payments	<u>13</u>	<u>-</u>
	<u>1,041</u>	<u>-</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	81,120	-
Under/(Over) provision in prior years	822	-
Prior period adjustments	<u>-</u>	<u>507,960</u>
Total current tax	<u>81,942</u>	<u>507,960</u>
 Tax on profit on ordinary activities	 <u>81,942</u>	 <u>507,960</u>

The prior period adjustment relates to the Corporation Tax settlement in respect of the period 1st October 1994 to 31st March 1999, which includes penalties and interest.

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2002**

7. DIVIDENDS

	2002 £	2001 £
Equity shares:		
Interim - paid	45,700	40,000

8. TANGIBLE FIXED ASSETS

	Improvements to property	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£	£
COST:					
At 1 April 2001	109,815	297,078	62,265	362,152	831,310
Additions	-	149,794	-	287,267	437,061
At 31 March 2002	109,815	446,872	62,265	649,419	1,268,371
DEPRECIATION:					
At 1 April 2001	14,716	157,689	13,686	236,172	422,263
Charge for year	9,510	43,378	12,145	206,624	271,657
At 31 March 2002	24,226	201,067	25,831	442,796	693,920
NET BOOK VALUE:					
At 31 March 2002	85,589	245,805	36,434	206,623	574,451
At 31 March 2001	95,099	139,390	48,579	125,980	409,048

9. STOCKS

	2002 £	2001 £
Stock	716,414	534,647

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

	2002 £	2001 £
Trade debtors	5,035,025	2,896,112
Other debtors	1,270,492	409,459
Prepayments & accrued income	65,002	108,501
Taxes and social security	141,691	156,216
	6,512,210	3,570,288

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2002**

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

Included in debtors is an amount of £4,452,853 (2001 - £2,754,372) due from Career Development Finance Limited. By agreement between the companies £4,000,000 of the amount is being retained by Career Development Finance Limited as collateral in respect of its obligation to complete the tuition of students enrolled with the company who have paid their fees.

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

	2002 £	2001 £
Bank loans and overdrafts (see note 13)	319,045	89,532
Trade creditors	1,058,066	303,757
Directors current accounts	89	713
Other creditors	305,367	759,557
Social security & other taxes	17,178	4,882
Taxation	243,120	94,500
Accruals & deferred income	3,731,292	2,453,928
	<u>5,674,157</u>	<u>3,706,869</u>

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

	2002 £	2001 £
Deferred income	1,100,466	-
Taxation	67,500	229,500
	<u>1,167,966</u>	<u>229,500</u>

13. LOANS AND OVERDRAFTS

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

	2002 £	2001 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>319,045</u>	<u>89,532</u>

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2002**

14. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Land and buildings operating leases	
	2002 £	2001 £
Expiring:		
Within one year	8,460	-
Between one and five years	62,920	46,000
In more than five years	86,290	68,290
	<u>157,670</u>	<u>114,290</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2002 £	2001 £
Bank overdrafts	<u>319,045</u>	<u>89,532</u>

16. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2002 £	2001 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2002 £	2001 £
3,000	Ordinary	£1	<u>3,000</u>	<u>3,000</u>

17. RELATED PARTY DISCLOSURES

The director, Mr G E Butler controls the company by virtue of his 100% shareholding.

Mr G E Butler received dividends of £45,700 by virtue of his shareholding.

At the year end the company owed Mr G E Butler £ 89.

**METROPOLITAN INTERNATIONAL SCHOOLS
LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2002**

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit/(Loss) for the financial year	293,424	(446,221)
Dividends	(45,700)	(40,000)
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	247,724	(486,221)
Opening shareholders' funds	803,901	1,290,122
	<hr/>	<hr/>
Closing shareholders' funds	1,051,625	803,901
	<hr/> <hr/>	<hr/> <hr/>
 Equity interests	 1,051,625	 803,901
	<hr/> <hr/>	<hr/> <hr/>