

**REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012  
FOR  
METROPOLITAN INTERNATIONAL SCHOOLS LTD**

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FOR THE YEAR ENDED 31 MARCH 2012**

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**METROPOLITAN INTERNATIONAL SCHOOLS LTD**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2012**

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**DIRECTORS:** G E Butler  
J Bradik

**SECRETARY:** J Bradik

**REGISTERED OFFICE:** 180 Piccadilly  
London  
W1J 9HF

**REGISTERED NUMBER:** 02646404 (England and Wales)

**AUDITORS:** Graham Keeble Partnership LLP  
Chartered Accountants & Registered Auditors  
First Floor  
5 Doolittle Yard  
Froghall Road  
Amphill  
Bedfordshire  
MK45 2NW

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2012**

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The directors present their report with the financial statements of the company for the year ended 31 March 2012

**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**

Key performance indicators for the current and previous year are as follows

	2012	2011
Turnover	£82,032,698	£63,194,755
Gross profit	£70,461,486	£50,664,678

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2012

**FUTURE DEVELOPMENTS**

The company is committed to providing and developing home study courses to meet the training requirement of individuals and organisations in all business sectors

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report

G E Butler  
J Bradik

**FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise bank balances, bank overdrafts and trade creditors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates on interest.

The bank overdrafts are repayable on demand but with the agreement of the bank. The company manages the liquidity risk by ensuring there are sufficient funds so as to not exceed the company's overdraft limit.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year ended 31 March 2012, the company made political donations totalling £Nil to the Conservative Party (2011 - £30,000) and charitable donations totalling £5,420 (2011 - £26,745).

**CREDITOR PAYMENT POLICY**

Payment terms are agreed with the company's major suppliers. The company endeavours to abide by these terms provided the supplier also complies by the terms of the contract.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

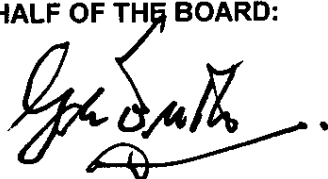
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Graham Keeble Partnership LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



G E Butler - Director

20 December 2012

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF METROPOLITAN INTERNATIONAL SCHOOLS LTD**

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We have audited the financial statements of Metropolitan International Schools Ltd for the year ended 31 March 2012 on pages six to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

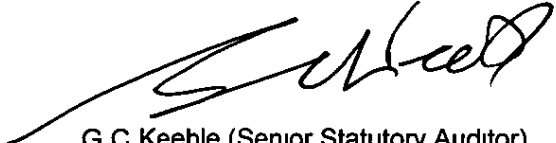
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
METROPOLITAN INTERNATIONAL SCHOOLS LTD**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



G C Keeble (Senior Statutory Auditor)  
for and on behalf of Graham Keeble Partnership LLP  
Chartered Accountants & Registered Auditors  
First Floor  
5 Doolittle Yard  
Froghall Road  
Amphill  
Bedfordshire  
MK45 2NW

20 December 2012

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	£	2011 £	£
<b>TURNOVER</b>			82,032,698		63,194,755
Cost of sales			11,571,212		12,530,077
<b>GROSS PROFIT</b>			70,461,486		50,664,678
Administrative expenses			71,703,434		51,285,757
			(1,241,948)		(621,079)
Other operating income			20,980		22,902
<b>OPERATING LOSS</b>	3		(1,220,968)		(598,177)
Income from fixed asset investments		1,560		75	
Interest receivable and similar income		18,555		34,656	
			20,115		34,731
			(1,200,853)		(563,446)
Interest payable and similar charges	4		14,384		477
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(1,215,237)		(563,923)
Tax on loss on ordinary activities	5		-		(51,398)
<b>LOSS FOR THE FINANCIAL YEAR</b>			(1,215,237)		(512,525)
Retained profit brought forward			1,647,462		2,159,987
<b>RETAINED PROFIT CARRIED FORWARD</b>			432,225		1,647,462

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year

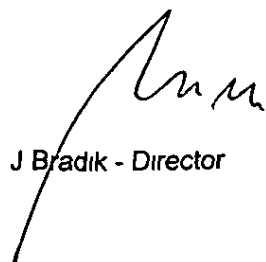
The notes form part of these financial statements



BALANCE SHEET  
31 MARCH 2012

	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Intangible assets	6	-	438
Tangible assets	7	350,234	473,000
Investments	8	120,723	8,713
		<u>470,957</u>	<u>482,151</u>
<b>CURRENT ASSETS</b>			
Stocks	9	202,665	359,282
Debtors	10	80,036,182	101,983,473
Cash at bank		90,182	146,520
		<u>80,329,029</u>	<u>102,489,275</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>43,429,670</u>	<u>56,291,257</u>
<b>NET CURRENT ASSETS</b>		<u>36,899,359</u>	<u>46,198,018</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>37,370,316</u>	<u>46,680,169</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	<u>36,935,091</u>	<u>45,029,707</u>
<b>NET ASSETS</b>		<u><u>435,225</u></u>	<u><u>1,650,462</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	3,000	3,000
Profit and loss account		<u>432,225</u>	<u>1,647,462</u>
<b>SHAREHOLDERS' FUNDS</b>	17	<u><u>435,225</u></u>	<u><u>1,650,462</u></u>

The financial statements were approved by the Board of Directors on 20 December 2012 and were signed on its behalf by



J Bradik - Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

		2012	2011
	Notes	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	1	(60,102)	96,398
<b>Returns on investments and servicing of finance</b>	2	5,731	34,254
<b>Taxation</b>		(20,483)	(66,778)
<b>Capital expenditure and financial investment</b>	2	(160,425)	(66,474)
		(235,279)	(2,600)
<b>Financing</b>	2	(9,180)	13,747
<b>(Decrease)/increase in cash in the period</b>		(244,459)	11,147
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
(Decrease)/increase in cash in the period		(244,459)	11,147
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		14,414	(14,414)
Change in net debt resulting from cash flows		(230,045)	(3,267)
<b>Movement in net debt in the period</b>		(230,045)	(3,267)
<b>Net debt at 1 April</b>		(111,521)	(108,254)
<b>Net debt at 31 March</b>		(341,566)	(111,521)

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

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

	2012 £	2011 £
Operating loss	(1,220,968)	(598,177)
Depreciation charges	171,032	239,635
Loss on disposal of fixed assets	587	-
Decrease in stocks	156,617	183,544
Decrease/(increase) in debtors	21,947,289	(60,677,835)
(Decrease)/increase in creditors	(21,114,659)	60,949,231
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(60,102)</b>	<b>96,398</b>

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

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	18,555	34,656
Interest paid	(14,384)	(477)
Dividends received	1,560	75
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>5,731</b>	<b>34,254</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(47,828)	(57,761)
Purchase of fixed asset investments	(120,723)	(8,713)
Sale of fixed asset investments	8,126	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(160,425)</b>	<b>(66,474)</b>
<b>Financing</b>		
Capital repayments in year	(14,414)	14,414
Amount introduced by directors	5,234	-
Amount withdrawn by directors	-	(667)
<b>Net cash (outflow)/inflow from financing</b>	<b>(9,180)</b>	<b>13,747</b>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

**3 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 4 11 £	Cash flow £	At 31 3 12 £
Net cash			
Cash at bank and in hand	146,520	(56,338)	90,182
Bank overdrafts	(243,627)	(188,121)	(431,748)
	<u>(97,107)</u>	<u>(244,459)</u>	<u>(341,566)</u>
Debt			
Hire purchase	(14,414)	14,414	-
	<u>(14,414)</u>	<u>14,414</u>	<u>-</u>
Total	<u>(111,521)</u>	<u>(230,045)</u>	<u>(341,566)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

**Turnover**

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

Turnover excluding value added tax from the sale of courses is recognised as courses are provided on a monthly basis over the period of the course which typically run over 36 months

**Intangible fixed assets**

Patents and licences are written off over 3 years

**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

Improvements to property	- 10% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Office equipment	- 50% on 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

**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**

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 on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**2 STAFF COSTS**

	2012	2011
	£	£
Wages and salaries	493,936	200,956
Social security costs	42,196	20,415
Other pension costs	9,975	2,714
	<u>546,107</u>	<u>224,085</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012**

**2 STAFF COSTS - continued**

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

	2012	2011
Directors	2	2
Administration	14	6
	<u>16</u>	<u>8</u>

**3 OPERATING LOSS**

The operating loss is stated after charging

	2012 £	2011 £
Hire of plant and machinery	134,041	145,767
Depreciation - owned assets	170,594	238,076
Depreciation - assets on hire purchase contracts	-	801
Loss on disposal of fixed assets	587	-
Patents and licences amortisation	438	758
Auditors' remuneration	28,895	29,925
Foreign exchange differences	-	239
	<u>56,155</u>	<u>47,500</u>

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £	2011 £
Interest on overdue tax	<u>14,384</u>	<u>477</u>

**5 TAXATION**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows

	2012 £	2011 £
Current tax	-	(20,483)
UK corporation tax	-	(30,915)
Adjustment re prior period	-	-
	<u>-</u>	<u>(51,398)</u>

UK corporation tax was charged at 28% in 2011

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**5 TAXATION - continued****Factors affecting the tax credit**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(1,215,237)</u>	<u>(563,923)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(315,962)	(157,898)
Effects of		
Expenses not deductible for tax purposes	4,020	31,493
Depreciation in excess of capital allowances	16,561	13,149
Adjustments to tax charge in respect of previous periods	(25,229)	(30,915)
Marginal relief	-	28,312
Losses carried forward	<u>320,610</u>	<u>64,461</u>
Current tax credit	<u>-</u>	<u>(51,398)</u>

**6 INTANGIBLE FIXED ASSETS**

	Patents and licences £
<b>COST</b>	
At 1 April 2011 and 31 March 2012	<u>26,674</u>
<b>AMORTISATION</b>	
At 1 April 2011	26,236
Amortisation for year	438
At 31 March 2012	<u>26,674</u>
<b>NET BOOK VALUE</b>	
At 31 March 2012	<u>-</u>
At 31 March 2011	<u>438</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012

7 TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
<b>COST</b>				
At 1 April 2011	163,009	691,934	2,943,807	3,798,750
Additions	-	835	46,993	47,828
Disposals	-	(18,539)	(329,729)	(348,268)
At 31 March 2012	163,009	674,230	2,661,071	3,498,310
<b>DEPRECIATION</b>				
At 1 April 2011	100,258	521,828	2,703,664	3,325,750
Charge for year	6,275	25,604	138,715	170,594
Eliminated on disposal	-	(18,539)	(329,729)	(348,268)
At 31 March 2012	106,533	528,893	2,512,650	3,148,076
<b>NET BOOK VALUE</b>				
At 31 March 2012	56,476	145,337	148,421	350,234
At 31 March 2011	62,751	170,106	240,143	473,000

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

	Office equipment £
<b>COST</b>	
At 1 April 2011	19,218
Transfer to ownership	(19,218)
At 31 March 2012	-
<b>DEPRECIATION</b>	
At 1 April 2011	801
Transfer to ownership	(801)
At 31 March 2012	-
<b>NET BOOK VALUE</b>	
At 31 March 2012	-
At 31 March 2011	18,417



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**8 FIXED ASSET INVESTMENTS**

	Listed investments £
<b>COST</b>	
At 1 April 2011	8,713
Additions	120,723
Disposals	(8,713)
	<u>120,723</u>
At 31 March 2012	<u>120,723</u>
<b>NET BOOK VALUE</b>	
At 31 March 2012	<u>120,723</u>
At 31 March 2011	<u>8,713</u>

Market value of listed investments at 31 March 2012 - £151,675 (2011 - £8,327)

**9 STOCKS**

	2012 £	2011 £
Stocks	<u>202,665</u>	<u>359,282</u>

**10 DEBTORS**

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	39,484,226	43,962,999
Other debtors	2,285,088	2,563,959
Tax	20,483	20,483
VAT	2,499,777	1,357,870
Prepayments	197,217	213,787
	<u>44,486,791</u>	<u>48,119,098</u>
Amounts falling due after more than one year		
Trade debtors	<u>35,549,391</u>	<u>53,864,375</u>
Aggregate amounts	<u>80,036,182</u>	<u>101,983,473</u>

Career Development Finance Limited and Career Finance 4 Trade Skills Limited are independent finance companies. Both companies provide credit finance to some customers of Metropolitan International Schools Limited to enable them to fund the payment of their fees. Included in trade debtors is an amount of £43,651,171 (2011 - £71,891,522) due from Career Development Finance Limited and an amount of £31,382,447 (2011 - £25,935,852) due from Career Finance 4 Trade Skills Limited. By agreement between both companies and Metropolitan International Schools Limited, this balance is to be retained as collateral towards costs to complete the tuition of customers enrolled by the company.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2012**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £	2011 £
Bank loans and overdrafts (see note 13)	431,748	243,627
Hire purchase contracts (see note 14)	-	14,414
Trade creditors	1,992,402	2,676,544
Tax	-	20,483
Social security and other taxes	47,744	5,740
Other creditors	355,904	285,960
Directors' current accounts	9,289	4,055
Accrued expenses	40,592,583	53,040,434
	<u>43,429,670</u>	<u>56,291,257</u>

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

	2012 £	2011 £
Deferred income	<u>36,935,091</u>	<u>45,029,707</u>

**13 LOANS**

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

	2012 £	2011 £
Amounts falling due within one year or on demand		
Bank overdrafts	<u>431,748</u>	<u>243,627</u>

**14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	2012 £	Hire purchase contracts 2011 £
Net obligations repayable		
Within one year	<u>-</u>	<u>14,414</u>

The following operating lease payments are committed to be paid within one year

	2012 £	Land and buildings 2011 £
Expiring		
Between one and five years	126,760	50,000
In more than five years	-	76,760
	<u>126,760</u>	<u>126,760</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**15 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	2012 £	2011 £
3,000	Ordinary	£1	<u>3,000</u>	<u>3,000</u>

**16 RELATED PARTY DISCLOSURES**

Throughout the current and previous year the company was controlled by Mr G E Butler, a director and sole shareholder of the company

At the year end, there was a balance due to the directors of £9,289 (2011 - £4,055)

**17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Loss for the financial year	(1,215,237)	(512,525)
<b>Net reduction of shareholders' funds</b>	<b>(1,215,237)</b>	<b>(512,525)</b>
Opening shareholders' funds	<u>1,650,462</u>	<u>2,162,987</u>
<b>Closing shareholders' funds</b>	<b><u>435,225</u></b>	<b><u>1,650,462</u></b>