

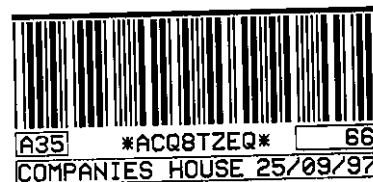
Company number : 2961588

CAREERS ENTERPRISE LIMITED

FINANCIAL STATEMENTS

31 MARCH 1997

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW



DIRECTORS AND OFFICERS

DIRECTORS

W R Abbot
K R Anderson
D W Artess
H Caunce
P Donoghue
Y L Emmerson-Pierce
C Thompson

SECRETARY

N E Williams

REGISTERED OFFICE

Enterprise House
17 Ribblesdale Place
Preston
Lancashire
PR1 3NA

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

SOLICITORS

Taylor Joynson Garrett
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DX

BANKERS

Barclays Bank Plc
Navigation Way
Ashton on Ribble
Preston PR2 2XY

DIRECTORS' REPORT

The directors submit their report and the financial statements of Careers Enterprise Limited for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of careers services.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company operated at a satisfactory level with the commencement of two further DfEE careers service contracts in the year. Profit for the period was deemed to be satisfactory and will enable the company to continue its development of the careers services in the regions under its control.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £573,992 (1996: £134,749).

DIRECTORS

The following directors have held office during the year:-

W R Abbot
K R Anderson
D W Artess
H Caunce
M Crouch (resigned 4 November 1996)
P Donoghue
Y L Emmerson-Pierce
C Thompson

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

The company is owned 50% by UK Economic Development Partnership Ltd and Careers Management Ltd. The directors interest in the shareholding of the holding companies are disclosed in those companies accounts.

AUDITORS

The company has elected to dispense with the obligation to reappoint the auditors annually pursuant to section 386(1) of the Companies Act 1985. Accordingly Baker Tilly are deemed to be reappointed for each succeeding financial year.

By order of the board



N E Williams

Secretary

27.6.1997

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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' REPORT TO THE MEMBERS OF CAREERS ENTERPRISE LIMITED

We have audited the financial statements on page 6 to 18.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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 at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

30th June 1997

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1997

	Notes	1997	1996
TURNOVER	1	10,762,168	5,836,538
Cost of sales		5,506,448	3,210,999
Gross profit		<u>5,255,720</u>	<u>2,625,539</u>
Net operating expenses	2	4,324,821	2,338,996
OPERATING PROFIT		<u>930,899</u>	<u>286,543</u>
Investment income	3	45,222	5,704
Interest payable	4	16,384	3,469
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>959,737</u>	<u>288,778</u>
Taxation	7	385,745	154,029
RETAINED PROFIT FOR THE YEAR	15	<u>£ 573,992</u>	<u>£ 134,749</u>

The operating profit for the year arises from the company's continuing operations.

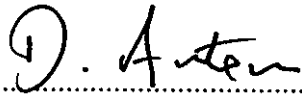
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

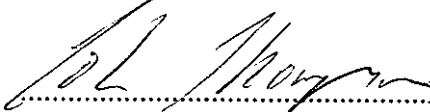
BALANCE SHEET

31 March 1997

	Notes	1997	1996
FIXED ASSETS			
Tangible assets	8	435,242	354,774
Investment	9	6	4
		<u>435,248</u>	<u>354,778</u>
CURRENT ASSETS			
Debtors	10	1,253,406	821,767
Cash at bank and in hand		1,248,258	417,383
		<u>2,501,664</u>	<u>1,239,150</u>
CREDITORS			
Amounts falling due within one year	11	2,101,831	1,435,110
NET CURRENT ASSETS/(LIABILITIES)			
		<u>399,833</u>	<u>(195,960)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>835,081</u>	<u>158,818</u>
CREDITORS			
Amounts falling due in more than one year	12	126,240	23,969
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	-	-
		<u>£ 708,841</u>	<u>£ 134,849</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account	15	708,741	134,749
SHAREHOLDERS' FUNDS			
	16	<u>£ 708,841</u>	<u>£ 134,849</u>

Approved by the board on 27th June 1997.


.....Director
D Artess


.....Director
C Thompson

CASH FLOW STATEMENT
for the year ended 31 March 1997

	Notes	1997	1996
Net cash flow from operating activities	17a	1,332,155	864,247
Returns on investment and servicing of finance	17b	28,838	2,235
Taxation		(163,026)	-
Equity dividends paid		-	-
Capital expenditure	17c	(206,257)	(425,943)
Financing	17d	(160,835)	(23,156)
INCREASE IN CASH		<u>£ 830,875</u>	<u>£ 417,383</u>

Financial statements for the year ended 31 March 1997**ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets on cost, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Furniture, fixtures and fittings	over 3 years
Computers	over 2 years

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at historical cost less any provision for a permanent diminution in value.

Financial statements for the year ended 31 March 1997**ACCOUNTING POLICIES**

PENSIONS

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the remaining average working life of employees.

TURNOVER

Turnover represents income received for the provision of careers advice net of value added tax.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

**1. TURNOVER AND PROFIT ON ORDINARY
ACTIVITIES BEFORE TAXATION**

The company's turnover and profit before taxation were all derived from its principal activity, wholly undertaken in the United Kingdom.

2. NET OPERATING EXPENSES

	1997	1996
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Establishment expenses	737,800	501,430
Administration expenses	3,085,241	1,691,476
Other operating expenses	501,780	146,090
	<u>£ 4,324,821</u>	<u>£ 2,338,996</u>

3. INVESTMENT INCOME

Other interest receivable	<u>£ 45,222</u>	<u>£ 5,704</u>
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4. INTEREST PAYABLE

On loans wholly repayable within 5 years:		
Hire purchase interest	<u>£ 16,384</u>	<u>£ 3,469</u>

**5. PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

Profit on ordinary activities before
taxation is stated after charging:
Depreciation and amounts written off
tangible fixed assets:

Charge for the year:		
owned assets	303,258	108,659
leased assets	193,672	33,198
Auditors' remuneration	<u>11,200</u>	<u>9,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

	1997	1996
6. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Management	3	2
Administration	29	21
Careers advisers	208	128
	<u>240</u>	<u>151</u>
	=====	=====
Staff costs for the above persons:		
Wages and salaries	4,756,175	2,738,837
Social security costs	343,508	199,111
Other pension costs	480,162	195,497
	<u>£ 5,579,845</u>	<u>£ 3,133,445</u>
	=====	=====

No directors received any remuneration from the company during the year.

	1997	1996
7. TAXATION		
Based on the profit for the year:		
UK Corporation tax	376,748	154,029
Under provision for previous year	8,997	-
	<u>£ 385,745</u>	<u>£ 154,029</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

8. TANGIBLE FIXED ASSETS

	Computers	Furniture, fixtures and fittings	TOTAL
Cost:			
1 April 1996	327,175	169,456	496,631
Additions	506,312	71,086	577,398
31 March 1997	833,487	240,542	1,074,029
Depreciation:			
1 April 1996	106,457	35,400	141,857
Charge in the year	416,749	80,181	496,930
31 March 1997	523,206	115,581	638,787
Net book value:			
31 March 1997	310,281	124,961	£ 435,242
31 March 1996	220,718	134,056	£ 354,774

Included in the net book value of the above, are assets held under finance leases or hire purchase contracts as follows:

	1997	1996
Computer equipment	161,618	28,349
Furniture, fittings and equipment	4,241	8,481
	£ 165,859	£ 36,830

9. FIXED ASSETS INVESTMENTS

Investments in subsidiary undertakings:

Cost:		
1 April 1996	4	-
Additions	2	4
31 March 1997	£ 6	£ 4

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

9. FIXED ASSETS INVESTMENTS (Continued)

The company owns 100% of the ordinary share capital of the following companies who are all incorporated in England:

Careers Enterprise (Kent) Limited
 Careers Enterprise (Buckinghamshire) Limited
 Enterprise Careers Services Limited

The companies were dormant throughout the year having not traded since their incorporation. Enterprise Careers Services Limited changed its name from City Careers Services Limited on 17 April 1996, and Careers Enterprise (Buckinghamshire) Limited changed its name from Careers Enterprise (North Buckinghamshire Limited) on 16 January 1997.

	1997	1996
10. DEBTORS		
Due within one year:		
Trade debtors	963,011	570,774
Amounts owed by associated undertakings	127,308	-
Other debtors	102,174	80,909
Prepayments and accrued income	60,913	170,084
	£ 1,253,406	£ 821,767
	=====	=====

11. CREDITORS

Amounts falling due within one year:		
Net obligations under finance leases and hire purchase contracts	131,603	23,566
Trade creditors	152,047	103,967
Amounts owing to associated undertaking	254,869	222,197
Corporation tax	376,748	154,029
Other taxation and social security costs	418,168	342,721
Other creditors	51,493	33,558
Accruals and deferred income	716,903	555,072
	£ 2,101,831	£ 1,435,110
	=====	=====

Amounts owed under hire purchase are secured against the relevant assets.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

	1997	1996
12. CREDITORS		
Amounts falling due in more than one year:		
Net obligations under finance leases and hire purchase contracts	£ 126,240 =====	£ 23,969 =====
Repayable by instalments:		
within one year	239,837	47,132
within 2 - 5 years	18,006	403
	£ 257,843 =====	£ 47,535 =====

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the unprovided potential assets are as follows:

	Amount provided		Unprovided assets	
	1997	1996	1997	1996
Excess of tax allowances over depreciation	-	-	94,000	8,500
Short term timing differences	-	-	40,000	60,000
	£ - =====	£ - =====	£ 134,000 =====	£ 68,500 =====

	1997	1996
14. SHARE CAPITAL		
Authorised, allotted, issued and fully paid:		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	£ 100 =====	£ 100 =====

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

	1997	1996
15. PROFIT AND LOSS ACCOUNT		
1 April 1996	134,749	-
Profit for the year	573,992	134,749
31 March 1997	<u>£ 708,741</u>	<u>£ 134,749</u>
	=====	=====
16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	573,992	134,749
Opening shareholders' funds	134,849	100
Closing shareholders' funds	<u>£ 708,841</u>	<u>£ 134,849</u>
	=====	=====
17. NOTES TO THE CASH FLOW STATEMENT		
a. Reconciliation of operating profit to net cash flow from operating		
Operating profit	930,899	286,543
Depreciation	496,930	141,857
Increase in debtors	(431,639)	(821,667)
Increase in creditors	335,965	1,257,514
Net cash flow from operating activities	<u>£ 1,332,155</u>	<u>£ 864,247</u>
	=====	=====
b. Returns on investments and servicing of finance		
Interest received	45,222	5,704
Interest paid	(16,384)	(3,469)
	<u>£ 28,838</u>	<u>£ 2,235</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

		1997	1996
17.	NOTES TO THE CASH FLOW STATEMENT (Continued)		
c.	Capital expenditure		
	Payments to acquire tangible fixed assets	206,255	425,939
	Purchase of investment	2	4
		<u>£ 206,257</u>	<u>£ 425,943</u>
		=====	=====
d.	Financing		
	Capital element of finance lease payments	<u>£ 160,835</u>	<u>£ 23,156</u>
		=====	=====
e.	Analysis of changes in net debt		
		1 April 1996	Cash flows 31 March 1997
	Cash at bank and in hand	<u>£ 417,383</u>	<u>£ 830,875</u>
		=====	=====
		1997	1996
18.	COMMITMENTS UNDER OPERATING LEASES		
	At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:		
	Plant and machinery:		
	expiring in less than 1 year	7,904	-
	expiring between 2 and 5 years	33,418	39,197
	expiring in more than 5 years	838	710
		<u>£ 42,160</u>	<u>£ 39,907</u>
		=====	=====
	Land and buildings:		
	expiring in less than 1 year	29,800	-
	expiring between 2 and 5 years	351,501	291,705
		<u>£ 381,301</u>	<u>£ 291,705</u>
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

19. PENSION COMMITMENTS

The company is a member of the LAWDC pension scheme whose assets are held in independent trustee administered funds. The scheme is a final salary scheme and mirrors the Local Government Superannuation Scheme as closely as possible. The scheme was set up on 1 July 1992 and the first actuarial valuation was carried out by a qualified actuary as at 31 March 1995.

In determining the company's pension cost, the projected unit method of valuation was used. In addition, the assumptions having the most significant effect on the results of the valuation are the rate at which current salaries and pensions will increase and the return scheme will earn on its assets.

The rates used in determining the scheme valuation were:-

Investment return	9% per annum
Pay increases	7% per annum
Pension increases	5% per annum
Dividend growth	4.5% per annum

At the date of the valuation, no assets had accumulated in respect of employees of the company as they joined the company on or after the valuation date. The actuarial valuation of the schemes assets represented 136% of the value of benefits accrued to existing members.

The contributions of the company and its employees are at 12% and 6% respectively and result in a pension charge for the year of £480,162 (1996:£195,497).

20. RELATED PARTY TRANSACTIONS

During the year the company made corporate charges of £210,000 and £1,441,670 to Lancashire Enterprises plc and Careers Management Limited respectively. These companies both have a 50% interest in Careers Enterprise Limited.