

Company Registration No. 3370400 (England and Wales)

IMPARTA LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998



IMPARTA LIMITED

COMPANY INFORMATION

Directors

R J B Barkey
D Stephen
M W Abell
A K Stewart
P J Williamson
M G Hay
C D Melia (Appointed 25 September 1998)

Secretary

M A E Dennis

Company number

3370400

Registered office

14-16 Peterborough Road
London
SW6 3BN

Auditors

Nicholas Graham Associates
13 Rother Street
Stratford upon Avon
Warwickshire
Great Britain
CV37 6LU

Business address

14-16 Peterborough Road
London
SW6 3BN

IMPARTA LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 8

IMPARTA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities

The principal activity of the company continued to be the provision of multimedia training solutions.

Directors

The following directors have held office since 1 January 1998:

R J B Barkey

D Stephen

M W Abell

A K Stewart

P J Williamson

M G Hay

C D Melia

(Appointed 25 September 1998)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of 2.5 pence each	
	31 December 1998	1 January 1998
R J B Barkey	105,000	70,000
D Stephen	-	-
M W Abell	-	-
A K Stewart	-	-
P J Williamson	-	-
M G Hay	-	-
C D Melia	-	-

	Ordinary "A" shares of 2.5 pence each	
	31 December 1998	1 January 1998
R J B Barkey	-	-
D Stephen	-	-
M W Abell	-	-
A K Stewart	1,235	823
P J Williamson	2,741	1,828
M G Hay	1,371	914
C D Melia	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Nicholas Graham Associates be reappointed as auditors of the company will be put to the Annual General Meeting.

IMPARTA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



R J B Barkey

Director

28 October 1999

IMPARTA LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF IMPARTA LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

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 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Nicholas Graham Associates

28 October 1999

Chartered Accountants
Registered Auditor

13 Rother Street
Stratford upon Avon
Warwickshire
Great Britain
CV37 6LU

IMPARTA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover		90,674	15,873
Cost of sales		(13,716)	-
Gross profit		76,958	15,873
Research & development costs		(311,747)	(59,534)
Administrative expenses		(186,941)	(43,536)
Other operating income		17,250	275
Operating loss	2	(404,480)	(86,922)
Other interest receivable and similar income	3	12,571	1,073
Interest payable and similar charges		(2)	-
Loss on ordinary activities before taxation		(391,911)	(85,849)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	9	(391,911)	(85,849)

IMPARTA LIMITED


BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	5		125,786		12,720
Current assets					
Debtors	6	39,405		25,354	
Cash at bank and in hand		122,731		386,683	
		<u>162,136</u>		<u>412,037</u>	
Creditors: amounts falling due within one year	7	<u>(13,057)</u>		<u>(8,856)</u>	
Net current assets			<u>149,079</u>		<u>403,181</u>
Total assets less current liabilities			<u>274,865</u>		<u>415,901</u>
Capital and reserves					
Called up share capital	8		3,750		2,500
Share premium account	9		748,875		499,250
Profit and loss account	9		<u>(477,760)</u>		<u>(85,849)</u>
Shareholders' funds			<u>274,865</u>		<u>415,901</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 28 October 1999


R J B Barkey
Director


P J Williamson
Director

IMPARTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment 10 - 33% straight line

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.5 Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

2 Operating loss

	1998	1997
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	26,444	907
Auditors' remuneration	1,500	1,250
Directors' emoluments	168,500	10,000
	<u> </u>	<u> </u>

3 Other interest receivable and similar income

	1998	1997
	£	£
Bank interest	12,571	1,073
	<u> </u>	<u> </u>

4 Taxation

The company has estimated losses of £465,774 (1997 - £73,865) available for carry forward against future trading profits.

IMPARTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

5 Tangible fixed assets

	£
Cost	
At 1 January 1998	13,627
Additions	139,510
	<hr/>
At 31 December 1998	153,137
	<hr/>
Depreciation	
At 1 January 1998	907
Charge for the year	26,444
	<hr/>
At 31 December 1998	27,351
	<hr/>
Net book value	
At 31 December 1998	125,786
	<hr/>
At 31 December 1997	12,720
	<hr/>

6 Debtors

	1998 £	1997 £
Trade debtors	2,696	15,874
Other debtors	36,709	9,480
	<hr/>	<hr/>
	39,405	25,354
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	8,710	5,386
Other creditors	4,347	3,470
	<hr/>	<hr/>
	13,057	8,856
	<hr/>	<hr/>

IMPARTA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

8	Share capital	1998 £	1997 £
	Authorised		
	105,000 Ordinary shares of 2.5 pence each	2,625	1,750
	45,000 Ordinary "A" shares of 2.5 pence each	1,125	750
		<u>150,000</u>	<u>100,000</u>

Allotted, called up and fully paid

	105,000 Ordinary shares of 2.5 pence each	2,625	1,750
	45,000 Ordinary "A" shares of 2.5 pence each	1,125	750
		<u>3,750</u>	<u>2,500</u>

9 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 1998	499,250	(85,849)
Retained loss for the year	-	(391,911)
Premium on shares issued during the year	249,625	-
Balance at 31 December 1998	<u>748,875</u>	<u>(477,760)</u>

10 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Expiry date:		
In over five years	<u>52,892</u>	<u>-</u>

11 Control

The ultimate controlling party is Mr R J B Barkey who controls 70% of the ordinary share capital.