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**C E T MANAGEMENT UK LIMITED**

***Financial Statements***

***For the year ended 31 January 2003***



# **C E T MANAGEMENT UK LIMITED**

## ***Financial statements for the year ended 31 January 2003***

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# **C E T MANAGEMENT UK LIMITED**

## ***Directors, officers and advisers***

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### ***Directors***

T D Watson  
R J Anaya

### ***Secretary and registered office***

Mr A Carrington  
Beechey House  
87 Church Street  
Crowthorne  
Berkshire, RG45 7AW

### ***Registered number***

03423974

### ***Auditors***

PKB  
Chartered Certified Accountants  
Beechey House  
87 Church Street  
Crowthorne  
Berkshire, RG45 7AW

# **C E T MANAGEMENT UK LIMITED**

## ***Directors' report for the year ended 31 January 2003***

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The directors present their annual report together with the audited financial statements of the company for the year ended 31 January 2003.

### ***Review of the business***

The principal activity of the company throughout the year continued to be that of the provision of marketing education and travel services.

Turnover has reduced this year by 1 per cent to £2,598,809. The directors consider the profit on ordinary activities before taxation to be satisfactory in the light of difficult trading conditions.

### ***Results and dividends***

The results for the year are shown on the profit and loss account on page 6. The profit for the year after taxation was £1,886.

The directors do not recommend the payment of a dividend for the year.

### ***Directors***

The directors who served during the year were:

T D Watson  
R J Anaya

### ***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 as at the end of the financial year 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 maintaining proper accounting records which 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. It is also their responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities.

### ***Directors' interests***

The beneficial interests of the directors and their families in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	<u>31 January 2003</u>	<u>1 February 2002</u>
T D Watson	2	2
R J Anaya	2	2

### ***Fixed assets***

The movements in the fixed assets of the company are disclosed in note 8 to the financial statements.

# **C E T MANAGEMENT UK LIMITED**

## ***Directors' report for the year ended 31 January 2003 (continued)***


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### ***Auditors***

A resolution to reappoint PKB as auditors of the company will be proposed at the forthcoming annual general meeting.

### ***Approval by the board***

Approved by the board of directors on 16 July 2004 and signed on their behalf by:

  
\_\_\_\_\_  
Mr A Carrington  
Secretary

# **C E T MANAGEMENT UK LIMITED**

## ***Independent auditors' report to the shareholders of C E T Management UK Limited***

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We have audited the financial statements of C E T Management UK Limited for the year ended 31 January 2003 which are set out on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditor's report 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**

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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.

# **C E T MANAGEMENT UK LIMITED**

## ***Independent auditors' report to the shareholders of C E T Management UK Limited (continued)***

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### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2003 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, consisting of stylized letters 'PKB' followed by a long horizontal line extending to the right.

**PKB**  
**Registered Auditors and**  
**Chartered Certified Accountants**  
Beechey House  
87 Church Street  
Crowthorne  
Berkshire, RG45 7AW  
16 July 2004

# C E T MANAGEMENT UK LIMITED

## *Profit and loss account for the year ended 31 January 2003*

	<i>Notes</i>	<u>2003</u> £	<u>2002</u> £
<b>Turnover</b>	2	2,598,809	2,629,114
Cost of sales		<u>2,336,213</u>	<u>2,277,199</u>
Gross profit		<u>262,596</u>	<u>351,915</u>
Distribution costs		28,659	75,006
Administration expenses		<u>219,728</u>	<u>287,929</u>
		<u>248,387</u>	<u>362,935</u>
<b>Operating profit/(loss)</b>	3	14,209	(11,020)
Other interest receivable and similar income		2,621	3,527
Interest payable and similar charges	6	<u>(8,921)</u>	<u>(5,909)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		7,909	(13,402)
Taxation on profit/(loss) on ordinary activities	7	<u>6,023</u>	<u>(3,349)</u>
<b>Profit/(loss) for the financial year</b>		1,886	(10,053)
Dividends		-	-
<b>Retained profit/(loss) for the year</b>		1,886	(10,053)
<b>Retained profits brought forward</b>		<u>54,937</u>	<u>64,990</u>
<b>Retained profits carried forward</b>		<u>56,823</u>	<u>54,937</u>

None of the company's activities was acquired or discontinued during the above two years.

There were no recognised gains nor losses other than those included in the profit and loss account.

The notes on pages 9 to 13 form part of these financial statements.

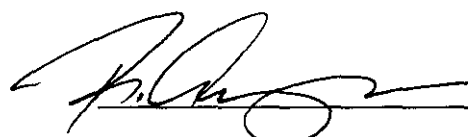


# C E T MANAGEMENT UK LIMITED

## Balance sheet at 31 January 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
<b>Fixed assets</b>			
Tangible assets	8	7,476	8,825
Investments	9	<u>264,941</u>	<u>262,017</u>
		<b>272,417</b>	<b>270,842</b>
<b>Current assets</b>			
Debtors	10	430,313	134,163
Cash at bank and in hand		<u>51,364</u>	<u>72,601</u>
		<b>481,677</b>	<b>206,764</b>
<b>Creditors: amounts falling due within one year</b>	11	<u>(697,267)</u>	<u>(422,665)</u>
<b>Net current liabilities</b>		<u><b>(215,590)</b></u>	<u><b>(215,901)</b></u>
<b>Total assets less current liabilities</b>		<u><b>56,827</b></u>	<u><b>54,941</b></u>
<b>Capital and reserves</b>			
Called up share capital	12	4	4
Profit and loss account		<u>56,823</u>	<u>54,937</u>
<b>Shareholders' funds</b>	13	<u><b>56,827</b></u>	<u><b>54,941</b></u>

Approved by the board of directors on 16 July 2004 and signed on its behalf.

 R J ANAYA - Director

The notes on pages 9 to 13 form part of these financial statements.

# C E T MANAGEMENT UK LIMITED

## *Cash flow statement for the year ended 31 January 2003*

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
<b><i>Operating activities</i></b>			
Net cash flow from operating activities	14a	49,852	330,369
<b><i>Returns on investments and servicing of finance</i></b>			
Interest and similar income received		2,621	3,527
Interest and similar charges paid		<u>(8,921)</u>	<u>(5,909)</u>
Net cash flow from returns on investments and servicing of finance		(6,300)	(2,382)
<b><i>Taxation</i></b>			
Corporation tax paid		(23,855)	(830)
<b><i>Capital expenditure</i></b>			
Payments to acquire tangible fixed assets		(1,143)	(898)
Payments to acquire fixed asset investments		<u>(2,924)</u>	<u>(262,017)</u>
Net cash flow from investing activities		<u>(4,067)</u>	<u>(262,915)</u>
		<u>15,630</u>	<u>64,242</u>

The notes on pages 9 to 13 form part of these financial statements.

# **C E T MANAGEMENT UK LIMITED**

## ***Notes to the financial statements for the year ended 31 January 2003***

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### **1 Accounting policies**

#### **a) Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

#### **b) Turnover**

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

#### **c) Depreciation of tangible fixed assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Fixtures and fittings                      25% reducing balance

#### **d) Deferred taxation**

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements.

### **2 Turnover**

Turnover represents the amounts receivable for goods sold during the year, exclusive of VAT.

The turnover and profit before taxation is attributable to the one principal activity of the company.

No exports were made by the company during the year.

### **3 Profit on ordinary activities before taxation**

This is stated after charging:

	<u>2003</u> £	<u>2002</u> £
Directors' emoluments	22,286	20,000
Staff costs	36,162	30,400
Total staff costs (note 4)	58,448	50,400
Depreciation of owned assets	2,492	2,942
Auditors' remuneration	36,817	20,541
Operating lease rentals - other assets	441	-

# C E T MANAGEMENT UK LIMITED

## *Notes to the financial statements for the year ended 31 January 2003 (continued)*

### 4 *Employee information*

	<u>2003</u> £	<u>2002</u> £
<i>Staff costs:</i>		
Wages and salaries	54,615	52,367
Social security costs	3,139	(4,483)
Other pension costs	694	2,516
	<u>58,448</u>	<u>50,400</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	<u>2003</u> Number	<u>2002</u> Number
Office and management	<u>2</u>	<u>1</u>

### 5 *Directors' emoluments*

	<u>2003</u> £	<u>2002</u> £
Emoluments	<u>22,286</u>	<u>20,000</u>

### 6 *Interest payable and similar charges*

	<u>2003</u> £	<u>2002</u> £
On bank loans and overdrafts	8,415	4,993
Interest on Overdue Taxation	-	595
	<u>8,415</u>	<u>5,588</u>

### 7 *Tax on profit on ordinary activities*

	<u>2003</u> £	<u>2002</u> £
United Kingdom corporation tax at 20%	-	(5,000)
Adjustments in respect of previous years	6,023	1,651
	<u>6,023</u>	<u>(3,349)</u>

# C E T MANAGEMENT UK LIMITED

## Notes to the financial statements for the year ended 31 January 2003 (continued)

### 8 Tangible fixed assets

	<i>Equipment fixtures and fittings</i> £	<i>Total</i> £
<b>Cost:</b>		
At 1 February 2002	22,540	22,540
Additions	1,143	1,143
At 31 January 2003	<u>23,683</u>	<u>23,683</u>
<b>Depreciation:</b>		
At 1 February 2002	13,715	13,715
Provision for the year	2,492	2,492
At 31 January 2003	<u>16,207</u>	<u>16,207</u>
<b>Net book value:</b>		
At 31 January 2003	<u>7,476</u>	<u>7,476</u>
At 1 February 2002	<u>8,825</u>	<u>8,825</u>

### 9 Investments

	<i>Shares in subsidiary undertakings</i> £	<i>Total</i> £
<b>Cost:</b>		
At 1 February 2002	262,017	262,017
Additions	2,924	2,924
At 31 January 2003	<u>264,941</u>	<u>264,941</u>

# C E T MANAGEMENT UK LIMITED

## *Notes to the financial statements for the year ended 31 January 2003 (continued)*

### 10 Debtors

	<u>2003</u> £	<u>2002</u> £
Trade debtors	109,450	116,868
Other debtors	1,851	16,140
Amounts owed by undertakings in which the company has a participating interest	318,048	1,155
Tax repayments due	964	-
	<u>430,313</u>	<u>134,163</u>

At the balance sheet date the following amounts were due from participating interests:

Council for Education Travel USA Inc	£180,285
Programme Academic Language Services	£117,401
C E T Language Schools Limited	£ 20,362

### 11 Creditors: amounts falling due within one year

	<u>2003</u> £	<u>2002</u> £
Bank loans and overdrafts	79,793	116,660
Trade creditors	7,249	8,818
Amounts owed to group undertakings	483	234,661
Other creditors	35,774	35,297
Corporation tax	-	17,331
Other tax and social security	5,043	6,350
Accruals and deferred income	568,925	3,548
	<u>697,267</u>	<u>422,665</u>

At the balance sheet date the following amounts were due to group companies:

DFSR GmbH	£483
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### 12 Called-up share capital

	<u>2003</u> £	<u>2002</u> £
<i>Authorised</i>		
<i>Equity shares:</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
<i>Equity shares:</i>		
Ordinary shares of £1 each	<u>4</u>	<u>4</u>

# C E T MANAGEMENT UK LIMITED

## *Notes to the financial statements for the year ended 31 January 2003 (continued)*

### 13 Reconciliation of movement in shareholders' funds

	<u>2003</u> £	<u>2002</u> £
Profit/(loss) for the year	1,886	(10,053)
Shareholders' funds at 1 February 2002	<u>54,941</u>	<u>64,994</u>
Shareholders' funds at 31 January 2003	<u><u>56,827</u></u>	<u><u>54,941</u></u>
<i>Shareholders' funds may be analysed as follows:</i>		
Attributable to equity interests	<u><u>56,827</u></u>	<u><u>54,941</u></u>

### 14 Notes to the cash flow statement

#### a) Reconciliation of operating profit to net cash flow operating activities

	<u>2003</u> £	<u>2002</u> £
Operating profit/(loss)	14,209	(11,020)
Depreciation charges	2,492	2,942
(Increase)/decrease in debtors	(295,186)	399,390
Increase/(decrease) in creditors	<u>328,337</u>	<u>(60,943)</u>
Net cash inflow from operating activities	<u><u>49,852</u></u>	<u><u>330,369</u></u>

#### b) Analysis of change in net debt

	<i>Brought forward</i>	<i>Cash flows</i>	<i>Other changes</i>	<i>Carried forward</i>
Cash at bank and in hand	72,601	(21,237)	-	51,364
Bank overdraft	<u>(116,660)</u>	<u>36,867</u>	-	<u>(79,793)</u>
	<u><u>(44,059)</u></u>	<u><u>15,630</u></u>	<u><u>-</u></u>	<u><u>(28,429)</u></u>

#### c) Reconciliation of net cash flow to movement in debt

	<u>2003</u> £	<u>2002</u> £
Net increase in cash	15,630	64,242
Net debt at 1 February 2002	<u>(44,059)</u>	<u>(108,301)</u>
Net debt at 31 January 2003	<u><u>(28,429)</u></u>	<u><u>(44,059)</u></u>