

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

30TH SEPTEMBER 1997



PILLEY & FLORSHAM
CHARTERED CERTIFIED ACCOUNTANTS
29 WARWICK ROAD
COVENTRY
CV1 2ES

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

30TH SEPTEMBER 1997

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RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTOR

J Holden

SECRETARY AND REGISTERED OFFICE

M Holden

6 Westwood House

Westwood Business Park

Coventry

CV4 8HS

AUDITORS

Pilley & Florsham

29 Warwick Road

COVENTRY

CV1 2ES

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED
DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 1997

The director submits his Annual Report and the audited financial statements of the company and group for the year ended 30th September 1997.

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 group and of the profit or loss of the group 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 a going concern basis unless it is inappropriate to presume that the company/group will continue in business.

The director is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company and group is that of organising distance learning courses for students and other training requirements of commercial and industrial organisations. This activity being carried out by this company in the UK and by RDI Limited and Management Learning Limited in the Far East.

DIRECTOR

The director who has served during the year and his interests in the share capital of the company were as follows:-

	<u>Ordinary Shares of £1 each</u>	
	<u>1997</u>	<u>1996</u>
J Holden	51000	21000

The other shares in issue are held by Mrs M Holden.

AUDITORS

Pilley & Florsham have expressed their willingness to continue as auditors and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies/groups.

On behalf of the Board



J HOLDEN

Director

Date: 9th April 1998

AUDITORS' REPORT

TO THE MEMBERS OF RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7 to 8.

Respective responsibilities of director and auditors

As described on page 2, the company's and group's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these 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 director 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 error, fraud or other irregularity. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We also, as part of our audit procedures examine the reports of the subsidiaries RDI Limited and Management Learning Limited not audited by ourselves.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs at 30th September 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, as applicable to small companies and groups.

29 Warwick Road
COVENTRY
CV1 2ES
Date: 9th April 1998


PILLEY & FLORSHAM
REGISTERED AUDITOR
CHARTERED CERTIFIED ACCOUNTANTS

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	<u>Note</u>	<u>Total</u> <u>1997</u> £	<u>Total</u> <u>1996</u> £
<u>TURNOVER</u>	2	1355521	787112
Cost of sales		84185	100402
<u>GROSS PROFIT</u>		1271336	686710
Administrative expenses		1067963	705409
<u>OPERATING PROFIT (LOSS)</u>	3	203373	(18699)
Interest receivable and similar income	4a	484	1436
Interest payable and similar charges	4b	(4743)	(1496)
<u>PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		199114	(18759)
Tax on profit (loss) on ordinary activities	5	35500	-
<u>PROFIT (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>		163614	(18759)
Minority interests		637	-
<u>PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS</u>		164251	(18759)
Retained losses brought forward		(151641)	(132882)
Retained profits (losses) carried forward		12610	(151641)

All of the groups operations are classed as continuing, please see note 1b.

The group had no recognised gains or losses other than the profit for the period.

The notes on pages 7 to 14 form part of these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

GROUP BALANCE SHEET AS AT 30TH SEPTEMBER 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible assets	7a	92251	112023
Intangible assets	8	6980	9682
		<u>99231</u>	<u>121705</u>
<u>CURRENT ASSETS</u>			
Debtors	10	117189	72466
Cash at bank		189006	25546
		<u>306195</u>	<u>98012</u>
<u>CREDITORS: amounts falling due within one year</u>			
Bank overdraft	11	38929	43369
Trade creditors		41405	54568
Other creditors	12	96368	56984
		<u>176702</u>	<u>154921</u>
<u>NET CURRENT ASSETS (LIABILITIES)</u>		<u>129493</u>	<u>(56909)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>228724</u>	<u>64796</u>
<u>CREDITORS: amounts falling due after one year</u>	13	34990	34680
		<u>193734</u>	<u>30116</u>
Financed by:			
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	100000	100000
Consolidation reserve	15	81757	81757
Profit and loss account		12610	(151641)
Shareholders funds	16	194367	30116
Minority interests		(633)	-
		<u>193734</u>	<u>30116</u>

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small groups.

Approved by the board on 9th April 1998.

 DIRECTOR
J HOLDEN

The notes on pages 7 to 14 form part of these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

COMPANY BALANCE SHEET AS AT 30TH SEPTEMBER 1997

	<u>Note</u>	<u>£</u>	<u>1997</u> <u>£</u>	<u>£</u>	<u>1996</u> <u>£</u>
<u>FIXED ASSETS</u>					
Tangible assets	7b		86765		112023
Intangible assets	8		6980		9682
Investments	9		60001		60001
			<u>153746</u>		<u>181706</u>
<u>CURRENT ASSETS</u>					
Debtors	10	161858		144231	
Cash at bank		722		-	
		<u>162580</u>		<u>144231</u>	
<u>CREDITORS: amounts falling due within one year</u>					
Bank overdraft	11	38929		43369	
Trade creditors		19841		54568	
Other creditors	12	163704		43966	
		<u>222474</u>		<u>141903</u>	
<u>NET CURRENT ASSETS (LIABILITIES)</u>			<u>(59894)</u>		<u>2328</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			<u>93852</u>		<u>184034</u>
<u>CREDITORS: amounts falling due after one year</u>	13		31800		224252
			<u>62052</u>		<u>(40218)</u>
Financed by:					
<u>CAPITAL AND RESERVES</u>					
Called up share capital	14		100000		100000
Profit and loss account			(37948)		(140218)
<u>SHAREHOLDERS' FUNDS (DEFICIT)</u>			<u>62052</u>		<u>(40218)</u>

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 9th April 1998.

 DIRECTOR
J HOLDEN

The notes on pages 7 to 14 form part of these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the company and group are as follows and are consistent with those applied in previous years apart from where indicated:

a. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The effect of events relating to the year ended 30th September 1997 which occurred before the date of approval of the financial statements by the Director have been included in the statements to the extent required to show a true and fair view of the state of affairs of the company and group at 30th September 1997 and of the group profit for the year ended on that date.

b. Basis of consolidation

On 17th September 1996, as part of a share swap arrangement, RDI Limited was acquired by this company.

The consolidated financial statements have been prepared on the basis that this share swap represented a merger as defined by FRS Number 6.

The group profit and loss account includes the trading results of all subsidiaries for the year ended 30th September 1997.

The group profit and loss account for the year ended 30th September 1996 includes the apportioned results of RDI Limited from 1st October 1995 together with the results of the company and Vacation Plus Limited from the same date.

The group balance sheets as at 30th September 1997 and 1996 combines the figures of all entities.

In all instances intra group transactions have been eliminated.

c. Depreciation

Depreciation is provided on all fixed assets calculated to write down the cost over the expected normal life of such assets.

The principal rates are:

Fixtures and fittings, office equipment	- 15% reducing balance/20% straight line
Boats	- 25% reducing balance

Assets are depreciated from the month of purchase using the basis outlined above.

d. Deferred taxation

In accordance with standard accounting practice no provision is made for deferred taxation where, in the opinion of the director, no such liability will arise for the foreseeable future.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

1. ACCOUNTING POLICIES - (Continued)

e. Goodwill

In accordance with standard accounting practice, Goodwill is being written off over a period of 5 years, commencing with the period ended 30th September 1995.

f. Pension scheme

The company operates a small self administered pension scheme to enable it to provide retirement benefits for the director and his family. The company also operates a defined contribution pension scheme whereby the company makes contributions to insurance companies to enable it to provide retirement benefits for certain employees of the company. The pension contributions made by the company and group under these arrangements (stated net of the personal contributions received from the individual employees) are shown in the notes to the financial statements.

g. Operating leases

Operating leases are written off to the profit and loss account on a remittance basis. Future obligations under these leases are shown in the notes to the financial statements.

h. Finance Leases

Material fixed assets purchased via finance leases are capitalised. The obligations under these finance agreements are shown separately in creditors. Depreciation is charged on the fixed assets in accordance with the policy outlined above. The finance costs of these leases are written off to the profit and loss account in accordance with the straight line method.

i. FRS1 - cash flow statements

Under the guidelines outlined in this statement, small companies and groups are exempt from the preparation of cash flow statements. The company being eligible, the director has taken advantage of this exemption.

j. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the approximate rate of exchange ruling at the balance sheet date. All foreign currency transactions during the period are converted at the exchange rates existing on the respective transaction dates.

Foreign exchange gains or losses are credited or charged, respectively to the profit and loss account.

2. TURNOVER

Turnover represents the invoiced amount of and services provided (stated net of Value Added Tax).

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

3.	<u>OPERATING PROFIT (LOSS)</u>	<u>Group</u>	<u>Group</u>
		<u>1997</u>	<u>1996</u>
	Operating profit (loss) is arrived at after charging:	<u>£</u>	<u>£</u>
	Depreciation and loss on disposal	26716	28446
	Amortisation	2702	2702
	Auditors remuneration	6816	4372
	Pension costs	38955	7748
	Director's emoluments	58018	57060
	Operating leasing costs:		
	Property	38728	26400
	Equipment	28371	29225
4a.	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	<u> </u>	<u> </u>
	Bank interest received	484	1436
4b.	<u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u> </u>	<u> </u>
	Bank overdraft	1110	205
	Loan interest	3633	1291
		<u>4743</u>	<u>1496</u>
5.	<u>TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES</u>	<u> </u>	<u> </u>
	Corporation tax at marginal rates	35500	-
6.	<u>PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF RESOURCE DEVELOPMENT INTERNATIONAL LIMITED</u>	<u> </u>	<u> </u>

Of the profit attributable to shareholders, £102270 (1996: £8104 loss) is dealt with in the accounts of the Parent Company.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

7a. **TANGIBLE ASSETS - Group**

	<u>Boats</u>	<u>Fixtures and fittings, office equipment</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 30th September 1996	114319	33830	148149
Additions	-	7248	7248
Disposals	-	(390)	(390)
	<hr/>	<hr/>	<hr/>
At 30th September 1997	114319	40688	155007
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 30th September 1996	29776	6350	36126
Charge for the year	21136	5572	26708
On disposals	-	(78)	(78)
	<hr/>	<hr/>	<hr/>
At 30th September 1997	50912	11844	62756
	<hr/>	<hr/>	<hr/>
<u>Net book value</u>			
At 30th September 1997	63407	28844	92251
	<hr/>	<hr/>	<hr/>
At 30th September 1996	84543	27480	112023
	<hr/>	<hr/>	<hr/>

Tangible assets include the following amounts in respect of assets purchased on finance leases and boats include the following amounts in respect of a specific mortgage loan agreement.

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Net book value	38595	44688
	<hr/>	<hr/>
Depreciation charge for the year	12442	10312
	<hr/>	<hr/>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

7b. TANGIBLE ASSETS - Company

	<u>Boats</u>	<u>Fixtures and fittings, office equipment</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 30th September 1996 and At 30th September 1997	114319	33830	148149
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 30th September 1996	29776	6350	36126
Charge for the year	21136	4122	25258
	<hr/>	<hr/>	<hr/>
At 30th September 1997	50912	10472	61384
	<hr/>	<hr/>	<hr/>
<u>Net book value</u>			
At 30th September 1997	63407	23358	86765
	<hr/>	<hr/>	<hr/>
At 30th September 1996	84543	27480	112023
	<hr/>	<hr/>	<hr/>

Boats include the following amounts in respect of a specific mortgage loan agreement.

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Net book value	33516	44688
	<hr/>	<hr/>
Depreciation charge for the year	11172	10312
	<hr/>	<hr/>

8. INTANGIBLE ASSETS - Company and Group

Goodwill

Cost

At 30th September 1996 and 1997	13510	13510
	<hr/>	<hr/>

Amortisation

At 30th September 1996	3828	1126
Charge for the year	2702	2702
	<hr/>	<hr/>
At 30th September 1997	6530	3828
	<hr/>	<hr/>

<u>Net book value</u>	6980	9682
	<hr/>	<hr/>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

9. <u>INVESTMENTS - Company</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
At cost	60001	60001
	<u>60001</u>	<u>60001</u>
<u>Shares in group companies</u>		

<u>Subsidiaries</u>	<u>Activity</u>	<u>Proportion of Ordinary Shares held</u>
Vacation Plus Limited	Non trading	100%
RDI Limited	Distance learning	100%

The country of registration of Vacation Plus Limited is England.

RDI Limited is registered in Hong Kong and its main operation is in this country and throughout the Far East. All shareholdings are held directly by Resource Development International Limited.

RDI Limited also holds a 95% investment in Management Learning Limited a distance learning student support company which is registered in Hong Kong.

10. <u>DEBTORS</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>1997</u>	<u>1997</u>	<u>1996</u>	<u>1996</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	111304	59020	55738	30440
Other debtors	-	97207	1912	1912
Amounts owed by subsidiary companies	-	4361	-	105027
Prepayments and accrued income	5885	1270	14816	6852
	<u>117189</u>	<u>161858</u>	<u>72466</u>	<u>144231</u>

11. BANK OVERDRAFT

The bank overdraft is secured by a floating charge over all of the company's assets dated 21st November 1995.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

12. <u>OTHER CREDITORS</u>	<u>Group</u> <u>1997</u> <u>£</u>	<u>Company</u> <u>1997</u> <u>£</u>	<u>Group</u> <u>1996</u> <u>£</u>	<u>Company</u> <u>1996</u> <u>£</u>
Loan due to RDI Limited (note 13)	-	97207	-	-
Loan	4200	4200	3900	3900
Corporation tax	35500	35500	-	-
Other taxes and social security	11541	11541	6527	5637
Directors loan accounts	8189	-	32284	24171
Accruals and deferred income	34877	15256	14273	10258
Other creditors	46	-	-	-
Finance leases	2015	-	-	-
	<u>96368</u>	<u>163704</u>	<u>56984</u>	<u>43966</u>

The loan is secured and was advanced to finance the boat known as Bellerophen note 6. The loan is for a ten year term to 1st March 2006, and is subject to commercial rates of interest.

13. CREDITORS: amounts falling due after one year

Loan (See note 12)	31800	31800	34680	34680
Loan due to RDI Limited	-	-	-	189572
Finance leases	3190	-	-	-
	<u>34990</u>	<u>31800</u>	<u>34680</u>	<u>224252</u>

The loan due to RDI Limited is unsecured. Commercial rates of interest are charged.

14. CALLED UP SHARE CAPITAL

	<u>Group and</u> <u>Company</u> <u>1997</u> <u>£</u>	<u>Group and</u> <u>Company</u> <u>1996</u> <u>£</u>
Authorised:		
100000 Ordinary shares of £1 each	<u>100000</u>	<u>100000</u>
Issued:		
100000 Ordinary shares of £1 each fully paid	<u>100000</u>	<u>100000</u>

15. CONSOLIDATION RESERVE

This reserve represents the difference between the net assets of RDI Limited at the effective accounting date of the merger and the value of the shares issued.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

(Continued)

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

As required by FRS3, a reconciliation of the movement in shareholders' funds is shown below:

	<u>Group</u> <u>1997</u> <u>£</u>	<u>Group</u> <u>1996</u> <u>£</u>
Profit (Loss) on ordinary activities after taxation and minority interests	164251	(18759)
Issue of share capital	-	60000
Consolidation reserve	-	81757
	<hr/>	<hr/>
Net addition to shareholders' funds	164251	122998
Opening shareholders' funds (deficit)	30116	(92882)
	<hr/>	<hr/>
Closing shareholders' funds	194367	30116
	<hr/>	<hr/>

17. CAPITAL COMMITMENTS - Group and company

Contracted for but not included in the accounts	-	-
	<hr/>	<hr/>
Authorised but not contracted for	-	-
	<hr/>	<hr/>

18. CONTINGENT LIABILITIES - Group and Company

a. Operating leases:

The company has the following commitments under contracts for operating leases covering motor vehicles and other office equipment:

Current commitments	21815	25412
Between two to three years	-	21815
	<hr/>	<hr/>
	21815	47227
	<hr/>	<hr/>

b. In addition the group rents office premises at a rental of £38880 per annum. (1996: £25600 per annum).

19. SUBSEQUENT EVENTS

In December 1997, the company acquired the company known as Intercambio Cultural, registered in Spain, a training company based in Madrid.