

**RESOURCE DEVELOPMENT INTERNATIONAL
LIMITED**

**DIRECTORS' REPORT
& FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2003

Company No: 2450180

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RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2003

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RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTORS

J Holden

M Holden

SECRETARY AND REGISTERED OFFICE

M Holden

Midland Management Centre

1A Brandon Lane

Coventry

CV3 3RD

AUDITORS

Pilley & Florsham

29 Warwick Road

COVENTRY

CV1 2ES

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2003

The directors submit their Annual Report and the audited financial statements of the company and group for the year ended 30 September 2003.

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

The directors are 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the group continues to be that of organising distance learning courses for students and other training requirements of commercial and industrial organisations. The activity is carried out by a subsidiary in the UK, and a further thirteen subsidiaries or sub-subsidiaries in the Far East, Europe, Africa, India and the USA.

REVIEW OF BUSINESS

The group's results and dividend paid for the year are shown in the consolidated profit and loss account on page 5. The results for the year reflect the group's continuing investment in its subsidiaries their courses and their management. In particular the group via its UK subsidiary acquired in the year the corporate training company known as The Management Consulting Company Limited. This acquisition is explained further in the notes to the financial statements.

The directors are pleased to report that trading has improved in the following year, though this improvement was not evident across the entire group. As explained in the notes to the financial statements certain subsidiaries were not expected to be profitable, therefore reluctantly in 2004, the directors have decided to close these subsidiaries or sell them back to the local management. The one off closure costs of these decisions will be shown in the 2004 financial statements.

DIRECTORS

The directors who have served during the year and their interests in the share capital of the company were as follows:-

	<u>Ordinary shares of £1 each</u>	
	<u>2003</u>	<u>2002</u>
J Holden	100,000	100,000
M Holden	-	-

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2003

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.


On behalf of the Board

Date: 29 October 2004

J Holden
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

We have audited the financial statements of Resource Development International Ltd for the year ended 30 September 2003 on pages 5 to 24. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 9 to 11.

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 our 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'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 described on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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 error, fraud or other irregularity. 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 and group's affairs at 30 September 2003 and of the loss for the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

29 Warwick Road
COVENTRY
CV1 2ES
Date: 29 October 2004



PILLEY & FLORSHAM
REGISTERED AUDITORS
CHARTERED CERTIFIED ACCOUNTANTS

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2003

	<u>Note</u>	<u>2003</u> £	<u>2002</u> £ (restated)
<u>TURNOVER</u>	2	5912036	4955139
Cost of sales		<u>3061927</u>	<u>2424265</u>
<u>GROSS PROFIT</u>		2850109	2530874
Administrative expenses		<u>2944808</u>	<u>2277150</u>
<u>OPERATING (LOSS)/PROFIT</u>	3	(94699)	253724
Interest receivable and similar income	4a	1912	5587
Interest payable and similar charges	4b	<u>(26302)</u>	<u>(4860)</u>
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</u>		(119089)	254451
Tax on (loss)/profit on ordinary activities	5	<u>(156715)</u>	<u>(154317)</u>
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</u>		(275804)	100134
Minority interests		<u>(44898)</u>	<u>(143883)</u>
<u>LOSS ATTRIBUTABLE TO SHAREHOLDERS</u>		(320702)	(43749)
Dividends		<u>(35000)</u>	<u>(10000)</u>
<u>RETAINED LOSS FOR FINANCIAL YEAR</u>	7	(355702)	(53749)
Retained profits brought forward as originally reported		110657	206403
Prior year adjustment	9	<u>175935</u>	<u>138189</u>
Retained profits brought forward as restated		286592	344592
Exchange movement in year	1i	(21110)	(4251)
Minority interest adjustment	13	50978	-
Retained (deficit)/profits carried forward		<u>(39242)</u>	<u>286592</u>

All of the groups operations are classed as continuing, but please see notes 1b and 26.

The group had no recognised gains or losses other than the results for the period and the recognition of the prior year adjustment.

The notes on pages 9 to 27 form part of these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2003

	<u>Note</u>	<u>2003</u>	<u>2002</u>
		<u>£</u>	<u>£</u>
			<u>(restated)</u>
<u>FIXED ASSETS</u>			
Tangible assets	10	199900	216361
Intangible assets	12a	330506	5305
Investments	13	-	18858
		<u>530406</u>	<u>240524</u>
<u>CURRENT ASSETS</u>			
Debtors	14	1178710	606907
Cash at bank		<u>574199</u>	<u>711177</u>
		<u>1752909</u>	<u>1318084</u>
<u>CREDITORS: amounts falling due within one year</u>			
Bank overdraft	15	145452	21266
Trade creditors		669051	361551
Other creditors	16	990809	580305
		<u>1805312</u>	<u>963122</u>
<u>NET CURRENT ASSETS (LIABILITIES)</u>		<u>(52403)</u>	<u>354962</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>478003</u>	<u>595486</u>
<u>CREDITORS: amounts falling due after more than one year</u>	17	319337	40448
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred Taxation	18	38697	21322
		<u>119969</u>	<u>533716</u>


RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2003

(Continued)

		<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u> (restated)
Financed by:			
<u>CAPITAL AND RESERVES</u>			
Called up share capital	19	100000	100000
Consolidation reserve	20	81757	81757
Profit and loss account		<u>(39242)</u>	<u>286592</u>
Shareholders' funds	21	142515	468349
Minority interests		<u>(22546)</u>	<u>65367</u>
		<u>119969</u>	<u>533716</u>

Approved by the board on 29 October 2004


.....
DIRECTOR
J. Holden

The notes on pages 9 to 27 form part of these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2003

	<u>Note</u>	<u>2003</u>	<u>2002</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	11	44709	101027
Intangible assets	12b	50545	-
Investments	13	105834	142639
		<u>201088</u>	<u>243666</u>
<u>CURRENT ASSETS</u>			
Debtors	14	222946	255281
Cash at bank		9753	-
		<u>232699</u>	<u>255281</u>
<u>CREDITORS: amounts falling due within one year</u>			
Bank overdraft	15	-	16307
Trade creditors		30148	22056
Other creditors	16	92479	36261
		<u>122627</u>	<u>74624</u>
<u>NET CURRENT ASSETS</u>		<u>110072</u>	<u>180657</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>311160</u>	<u>424323</u>
<u>CREDITORS: amounts falling due after more than one year</u>	17	18301	29074
		<u>292859</u>	<u>395249</u>
Financed by:			
<u>CAPITAL AND RESERVES</u>			
Called up share capital	19	100000	100000
Profit and loss account		192859	295249
<u>SHAREHOLDERS' FUNDS</u>		<u>292859</u>	<u>395249</u>

Approved by the board on 29 October 2004


.....
DIRECTOR
J Holden

The notes on pages 9 to 27 form part of these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

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 unless otherwise indicated.

a. Basis of preparation of financial statements

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

b. Basis of consolidation

On 17 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 6. All other subsidiaries acquired have been consolidated by the acquisition method. During the year the group formed two new subsidiaries namely, Germany and East Africa. The group also acquired the company and business known as The Management Consulting Company Limited.

The group profit and loss account and balance sheet combine the figures of all subsidiaries from the date of acquisition. Unless stated to the contrary inter 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:-

Freehold land	- not depreciated
Freehold land and buildings	- 2% straight line
Fixtures and fittings, office equipment	- 15% reducing balance/20% straight line
Motor Vehicles	- 25% reducing balance

d. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes. If timing differences are negative, the group only provides for deferred tax assets when the directors feel these assets are realisable in the near future.

e. Goodwill

In accordance with standard accounting practice purchased goodwill is being written off over a period of 5 years. Goodwill arising on consolidation is written off over five years commencing from the year the subsidiary is acquired. As required by statements of standard accounting practice, the directors also review the carrying value of each subsidiary and make the necessary impairment to this carrying value if required.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

f. Pension scheme

The company and group operate a small self administered pension scheme to enable them to provide retirement benefits for the directors. The company and group also operates a defined contribution pension scheme whereby the company and group makes contributions to insurance companies to enable them to provide retirement benefits for certain employees of the group. The pension contributions made by the group under these arrangements (stated net of the personal contributions received from the individual directors/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 in note 1c. The finance costs of these leases are written off to the profit and loss account in accordance with the straight line method.

i. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the 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 respectively credited or charged, to the profit and loss account, apart from the exchange movement arising on the revenue profits brought forward which is shown separately on the profit and loss account.

j. Product development expenditure

The company and group has capitalised expenditure incurred on specific distance learning projects. This expenditure is then amortised over five years commencing from the date the projects starts to generate course income.

k. Investments

Investments are stated at cost, unless the directors are of the opinion that impairment is required to write down the investment to its estimated net realisable value.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1. Advertising expenditure

Advertising expenditure in relation to student intake for distance learning programmes is charged to the profit and loss account when the liabilities are incurred.

m. Revenue recognition

Income is recognised in correlation to the constituent parts of distance learning courses provided by the group as either principle or as agent. In particular income is allocated by the directors on a fair value of the total course revenue for the initial enrolment of a student. Further fair values are then allocated for initial tutorial work and for the support function of a student for the remaining term of the course.

This is a change of policy which has been adopted by the directors following reconsideration of the effect of FRS 5. Previously income was recognised when it was invoiced if the group was acting as an agent for the course or over the duration of the course if the group was the principal provider of the course.

In respect of commercial training, income has been consistently recognised on an invoice basis as in the opinion of the directors this represents a fair value of the work completed. Any grants received, towards distance learning courses or commercial training, by the group are accounted for under the same principles as explained above.

The effect of the change in policy is shown in the notes to the financial statements including restatement of the comparative figures as if the policy had been adopted by the group as at 1 October 2001. In particular the change in policy has effected the United Kingdom and American subsidiaries. The effect on the Far Eastern Subsidiaries was minimal as their income is considered to be evenly spread over the duration of their courses and has always been recognised on this basis in the group accounts.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided (stated net of Value Added Tax). The geographical split of turnover was as follows;

	<u>Group</u> <u>2003</u>	<u>Group</u> <u>2002</u> (restated)
	£	£
Far East	3003518	3367635
Europe	2209649	1094546
United States of America	443702	353431
Africa	246819	126542
Asia	8348	12985
	<u>5912036</u>	<u>4955139</u>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

(CONTINUED)

3. <u>OPERATING PROFIT</u>	<u>Group</u> <u>2003</u>	<u>Group</u> <u>2002</u> (restated)
Operating profit is arrived at after charging/(crediting):	£	£
Depreciation	58832	53346
Amortisation - consolidation goodwill including impairment £7613 (2002: Nil)	78891	14079
Amortisation - development expenditure	9736	20189
Auditors remuneration	30980	26067
Directors emoluments	349750	287000
Loss/(Profit) on sale of tangible and intangible fixed assets	(62982)	3477
Operating lease costs:		
- property	194112	160979
- equipment	14014	18740
	<u> </u>	<u> </u>
	<u>Group</u> <u>2003</u>	<u>Group</u> <u>2002</u> (restated)
	£	£
4a. <u>OTHER INTEREST RECEIVABLE AND SIMILAR INCOME</u>		
Bank interest received	<u>1912</u>	<u>5587</u>
4b. <u>INTEREST PAYABLE AND SIMILAR CHARGES</u>		
Bank overdraft	5355	1600
Bank loan interest	12225	-
Hire purchase	3722	3260
Deferred consideration	5000	-
	<u>26302</u>	<u>4860</u>
5. <u>TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</u>		
UK Corporation tax at marginal rates	9118	-
Overseas taxation	130094	149739
Deferred taxation (note 18)	17503	4578
	<u>156715</u>	<u>154317</u>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

6a. **GROUP EMPLOYEES**

The average number of employees of the group was as follows:

<u>2003</u>	<u>2002</u>
<u>no</u>	<u>no</u>
<u>83</u>	<u>61</u>

The employees remuneration was as follows;

	<u>£</u>	<u>£</u>
Salaries	1824303	1350095
Social security costs	83933	43346
Pensions	<u>20841</u>	<u>5702</u>
	<u>1929077</u>	<u>1399143</u>

One of the groups employees remuneration totalled £195313 (2002:£200721)

6b. **DIRECTORS' EMOLUMENTS**

The highest paid directors' remuneration totalled £321750 (2002: £259000)

Both directors are members of the self administered pension scheme. No contributions were made to this scheme in the year (£2002: £Nil)

7. **DIVIDENDS**

	<u>£</u>	<u>£</u>
Interim dividend at 35p per share (2002: 10p)	<u>35000</u>	<u>10000</u>

8. **COMPANY PROFIT AND LOSS ACCOUNT**

The company has taken advantage of section 230 of the Companies Act 1985 and not produced a company profit and loss account. Of the loss attributable to shareholders £67390 (2002 : £33005) is dealt with in the accounts of the parent company.

9. **PRIOR YEAR ADJUSTMENT**

As explained in the accounting policy note, revenue recognition, the directors have reconsidered the effect of FRS5 and are now recognising income in correlation to each constituent part of a distance learning course. This change in policy has had the following effect to the current financial statements and to the comparative figures:

The opening reserves of the group as at 1 October 2001 have been increased by £138,189 being the directors estimate of the group's extra income to be recognised as at this date. The turnover figure for the 2001/02 financial year has then been increased by £48968 being the directors estimate of the additional revenue to be recognised under the new accounting policy. The accumulated reserves figure for the group has been increased by £175,935 from previously reported for the financial year ended 30 September 2002, the appropriate adjustment to minority interests being incorporated into the comparative figures shown in these financial statements.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

10. TANGIBLE ASSETS - Group

<u>Cost</u>	<u>Freehold land and buildings £</u>	<u>Motor Vehicle £</u>	<u>Fixtures and fittings, Office equipment £</u>	<u>Total £</u>
At 30 September 2002	60804	77163	184713	322680
Additions	14009	-	99004	113013
Exchange movement	-	-	(2459)	(2459)
Disposals	(60804)	(27125)	-	(87929)
At 30 September 2003	14009	50038	281258	345305
<u>Depreciation</u>				
At 30 September 2002	3648	22726	79945	106319
Charge for the year	-	13731	45101	58832
Exchange movement	-	-	(1533)	(1533)
Eliminated on disposal	(3648)	(14565)	-	(18213)
At 30 September 2003	-	21892	123513	145405
<u>Net book value</u>				
At 30 September 2003	<u>14009</u>	<u>28146</u>	<u>157745</u>	<u>199900</u>
At 30 September 2002	<u>57156</u>	<u>54437</u>	<u>104768</u>	<u>216361</u>

Tangible assets include the following amounts in respect of assets purchased on finance leases.

	<u>2003 £</u>	<u>2002 £</u>
Net book value	<u>39773</u>	<u>53153</u>
Depreciation charge for the year	<u>13379</u>	<u>17839</u>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

11. TANGIBLE ASSETS - Company

<u>Cost</u>	<u>Freehold Land and buildings</u> £	<u>Motor Vehicle</u> £	<u>Fixtures and fittings, Office equipment</u> £	<u>Total</u> £
At 30 September 2002	60804	54263	3840	118907
Additions	14009	-	-	14009
Disposals	(60804)	(4225)	-	(65029)
At 30 September 2003	14009	50038	3840	67887
<u>Depreciation</u>				
At 30 September 2002	3648	13566	666	17880
Charge for the year	-	9382	620	10002
Eliminated on disposal	(3648)	(1056)	-	(4704)
At 30 September 2003	-	21892	1286	23178
<u>Net book value</u>				
At 30 September 2003	14009	28146	2554	44709
At 30 September 2002	57156	40697	3174	101027

Tangible assets include the following amounts in respect of assets purchased on finance leases.

	<u>2003</u> £	<u>2002</u> £
Net book value	28146	37528
Depreciation charge for the year	9382	12510

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

12a. INTANGIBLE ASSETS – Group

<u>Cost</u>	<u>Purchased goodwill</u> £	<u>Consolidated goodwill</u> £	<u>Product development expenditure</u> £	<u>Total</u> £
At 30 September 2002	13510	70396	80759	164665
Additions	-	353547	60281	413828
Eliminated on disposal	-	-	(80759)	(80759)
At 30 September 2003	13510	423943	60281	497734
<u>Amortisation</u>				
At 30 September 2002	13510	65091	80759	159360
Charge for the year	-	78891	9736	88627
Eliminated on disposal	-	-	(80759)	(80759)
At 30 September 2003	13510	143982	9736	167228
<u>Net book value</u>				
At 30 September 2003	-	279961	50545	330506
At 30 September 2002	-	5305	-	5305

12b. INTANGIBLE ASSETS - Company

<u>Cost</u>			
At 30 September 2002	13510	-	13510
Additions	-	60281	60281
At 30 September 2003	13510	60281	73791
<u>Amortisation</u>			
At 30 September 2002	13510	-	13510
Charge for the year	-	9736	9736
At 30 September 2003	13510	9736	23246
<u>Net book value</u>			
At 30 September 2003	-	50545	50545
At 30 September 2002	-	-	-

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
13 <u>INVESTMENTS – Company and group</u>		
<u>Company</u>		
<u>Cost</u>		
At 1 October 2002	142639	142639
Additions	17823	-
At 30 September 2003	<u>160462</u>	<u>142639</u>
<u>PROVISIONS</u>		
Provision for year	<u>54628</u>	-
At 30 September 2003	<u>54628</u>	-
<u>Net book value</u>		
At 30 September 2003	<u>105834</u>	<u>142639</u>
<u>Group</u>		
Investment in associated company	<u>-</u>	<u>18858</u>
<u>Shares in group subsidiaries</u>		
	<u>Location</u>	<u>Group Proportion of</u>
<u>Directly owned subsidiaries</u>		<u>ordinary shares held</u>
RDI Consultants Limited	UK	78%
The Managing Consulting Company Limited (non trading) **	UK	78%
RDI Limited	Hong Kong	100%
Intercambia Cultural RDI SL	Spain	100%
Resource Development International (USA) Limited	USA	100%
RDI Hellas SA	Greece	51%
Resource Development International Italia srl.	Italy	90%
RDI Consultants (Scotland) Ltd (non trading)	Scotland	51%
Resource Development International GMBH	Germany	100%
<u>Indirectly owned via RDI Limited</u>		
RDI Management Learning Limited	Hong Kong	80%
RDI Management Learning PTE Limited *	Singapore	64%
RDI Management Learning Sdn Bhd *	Malaysia	80%
Resource Development International (Thailand) Co Ltd *	Thailand	56%
RDI (West Africa) Limited	Ghana (West Africa)	60%
RDI India Limited	India	80%
RDI (East Africa) Limited	Uganda	51%

The principle activity of all the above subsidiaries' is the provision and supervision of distance learning courses and other training requirements.

* These subsidiaries are owned by RDI Management Learning Limited.

** This subsidiary is owned by RDI Consultants Limited.

Investment in associated company

This investment was disposed of by the group in the year.

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

RDI Consultants Limited

The group owned all the shares in issue in this company up to 30 September 2002. After this date the group has owned the percentage shown above.

14. <u>DEBTORS</u>	<u>Group</u> <u>2003</u> £	<u>Company</u> <u>2003</u> £	<u>Group</u> <u>2002</u> £ (restated)	<u>Company</u> <u>2002</u> £
Trade debtors	975551	-	488407	-
Amounts owed by subsidiary companies	-	221603	-	251508
Prepayments and accrued income	203159	1343	118500	3773
	<u>1178710</u>	<u>222946</u>	<u>606907</u>	<u>255281</u>

15. BANK OVERDRAFT/LOAN

The bank overdraft and loan is secured by a debenture over all of the company's assets dated 11 February 1999. There is also a cross guarantee between this company and RDI Consultants Limited.

16. <u>OTHER CREDITORS</u>	<u>Group</u> <u>2003</u> £	<u>Company</u> <u>2003</u> £	<u>Group</u> <u>2002</u> £ (restated)	<u>Company</u> <u>2002</u> £
Bank loan, notes 15 and 23	42760	-	-	-
Corporation and overseas tax	146283	-	20242	6339
Other taxes and social security	70590	3765	26299	2366
Accruals	272465	51179	147907	7551
Other creditors	8939	8939	9232	9232
Finance leases	18675	10773	18923	10773
Deferred Income	431097	-	357702	-
Amounts owed to subsidiary companies	-	17823	-	-
	<u>990809</u>	<u>92479</u>	<u>580305</u>	<u>36261</u>

17. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loans notes 15 and 23	148911	-	-	-
Finance leases	22021	18301	40448	29074
Deferred consideration note 26 & 27	148405	-	-	-
	<u>319337</u>	<u>18301</u>	<u>40448</u>	<u>29074</u>

18. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation Group.	<u>2003</u> £	<u>2002</u> £ (restated)
At 1 October 2002	21322	16922
Movement for the year	17503	4578
Exchange movement	(128)	(178)
At 30 September 2003	<u>38697</u>	<u>21322</u>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

The provision represents excess tax allowances claimed over depreciation charged in an overseas subsidiary company and in another overseas subsidiary future company taxation, payable on the accounting policy in respect of income recognition. In addition the UK subsidiary company has trading losses in excess of any timing differences for accelerated capital allowances totalling approximately £160,000 (2002:£80,000). In accordance with the groups accounting policy no credit is taken for this potential asset in the group balance sheet.

19. CALLED UP SHARE CAPITAL

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Authorised:		
100000 Ordinary shares of £1 each	100000	100000
Issued:		
100000 Ordinary shares of £1 each, fully paid	100000	100000

20. 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.

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	<u>2003</u>	<u>2002</u>
	<u>Group</u>	<u>Group</u>
	<u>£</u>	<u>£</u>
		(restated)
Loss on ordinary activities after taxation and minority interests	(320702)	(43749)
Exchange movement	(21110)	(4251)
Dividends	(35000)	(10000)
Minority interest adjustment	50978	-
Net (reduction)/addition to shareholders' funds	(325834)	(58000)
Opening shareholders' funds as originally reported	292414	388160
Prior year adjustment	175935	138189
Opening shareholders funds restated	468349	526349
Closing shareholders' funds	142515	468349

22. CAPITAL COMMITMENTS – Group and company

There were no outstanding commitments at 30 September 2003 (2002: none).

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

23a. LOANS – GROUP

	<u>2003</u> £	<u>2002</u> £
An analysis of the maturity of loans is given below;		
Amounts falling due within one year or on demand		
Bank overdrafts	145452	21266
Bank loans	42760	-
	<u>188212</u>	<u>21266</u>
Amounts falling due between one and two years		
Bank loans	45422	-
Amounts falling due between two and five years		
Bank loan two to five years	<u>103489</u>	<u>-</u>

b. LOANS - COMPANY

All liabilities are repayable within one year or on demand.

c. OBLIGATIONS UNDER LEASING AGREEMENTS

	Group 2003	Company 2003	Group 2002	Company 2002
Annual Commitments under leases which expire:				
Net obligations repayable				
Within one year	18675	10773	18923	10773
Between two and five years	22021	18301	40448	29074
	<u>40696</u>	<u>29074</u>	<u>59371</u>	<u>39847</u>

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

24. OBLIGATIONS UNDER LEASING AGREEMENTS

	<u>Group</u> <u>2003</u> £	<u>Company</u> <u>2003</u> £	<u>Group</u> <u>2002</u> £	<u>Company</u> <u>2002</u> £
The company and group have the following annual commitments under non cancellable operating leases due for expiry:				
Land and buildings				
Within one year	78000	-	18000	-
Within two to five years	112000	-	21000	-
After five years	64000	-	64000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other operating leases				
Within one year	4500	-	7000	-
Within two to five years	9000	-	2500	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

25. RELATED PARTY TRANSACTIONS

- a. During the year the group paid rent amounting to £60,000 (2002 : £48000) to the Resource Development International Pension Fund of which Mr and Mrs Holden are both trustees and beneficiaries.
- b. The company's freehold property was sold to Mr and Mrs Holden during the year at an arms length valuation of £119,706.
- c. The groups United Kingdom bankers hold an unlimited guarantee given by Mr J Holden as security for advances made to the group.

26. ACQUISITIONS

On 18 October 2002, RDI Consultants Limited, a company in which the group own a seventy-eight per cent equity interest acquired all the share capital of the company known as The Management Consulting Company Limited. This company has always specialised in commercial training. At the date of acquisition the fair value of the assets and liabilities, the fair value being represented by the book value of these assets was as follows;

	£
Tangible fixed assets	17274
Trade debtors and prepayments	167323
Trade creditors and other current liabilities	(73369)
Net assets	111228
Goodwill on acquisition	348646
Purchase consideration	459874
The purchase consideration was satisfied as follows:	
Deferred consideration	148405
Cash consideration	415435
Net cash acquired on acquisition	(103966)
	<u>459874</u>

In addition, goodwill arose on acquisition of the other two subsidiaries formed in the year totalling £4901

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

26. ACQUISITIONS (CONTINUED)

Included in the consolidated profit and loss account are the following trading results generated by the activities acquired by the group in the year.

	<u>Continuing</u>	<u>Operations Acquisitions</u>	<u>Group Total</u>	<u>2002 Group Total</u>
Turnover	5149809	762227	5912036	4955139
Cost of sales	2692788	369139	3061927	2424265
Gross profit	2457021	393088	2850109	2530874
Administrative expenses	2522814	421994	2944808	2277150
Operating (loss) profit	<u>(65793)</u>	<u>(28906)</u>	<u>(94699)</u>	<u>253724</u>

In 2002 the group's activities were not significantly increased by any acquisition.

27. POST BALANCE SHEET EVENTS

- a. On 29 September 2004 the deferred consideration outlined in note 26 in the financial statements was satisfied by the issue of 148405 Redeemable Preference Shares issued by the United Kingdom subsidiary RDI Consultants Limited.
- b. In 2004 the directors closed or sold and/or are in the process of completing the closure/disposal of the following non profitable subsidiaries:-
 - a. Intercambia Cultural RDI SL (Spain)
 - b. Resource Development International GMBH (Germany)
 - c. RDI India Limited (India)
 - d. RDI Management Learning PTE Limited (Singapore)
 - e. RDI Management Learning Sdn Bhd (Malaysia)
 - f. RDI Development International (Thailand) Co Ltd (Thailand)

RESOURCE DEVELOPMENT INTERNATIONAL LIMITED
GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED
30 SEPTEMBER 2003

	<u>Appendix</u>	<u>2003</u> £	<u>2002</u> £
<u>CASHFLOW STATEMENT</u>			
Net cash (outflow)/inflow from operating activities		(135517)	204968
Returns on investments and servicing of finance	A	(24390)	727
Taxation		(13171)	(221695)
Equity Dividends		(35000)	(10000)
Capital expenditure	A	(226,082)	(35998)
Financing	A	172,996	(11621)
<u>DECREASE IN CASH IN THE YEAR</u>		<u>(261164)</u>	<u>(73619)</u>
<u>Reconciliation of operating profit to net cash inflow from operating activities</u>			
Operating (loss)profit		(94699)	253724
Amortisation goodwill/product development		88627	34268
Depreciation charges		58832	53346
(Profit)/loss on sale of fixed assets		(62982)	3477
(Increase)/Decrease in debtors		(571803)	131605
Increase /(Decrease) in creditors		549451	(145716)
Exchange movement		(21110)	(4251)
Minority interests		(81833)	(121485)
Net cash inflow from operating activities		<u>(135517)</u>	<u>204968</u>
<u>Reconciliation of net cash flow to movement in net debt</u>	B		
Decrease in cash in the year		(261164)	(73619)
Cash inflow/(outflow) from movement in debt		(321401)	11621
Change in net funds resulting in the year		<u>(582565)</u>	<u>(61998)</u>
New finance leases		-	(70992)
Movements in net funds in the year		(582565)	(132990)
Net funds at 30 September 2002		<u>630540</u>	<u>763530</u>
Net funds at 30 September 2003		<u>47975</u>	<u>630540</u>

RESOURCE DEVELOPMENT INTERNATIONAL

APPENDIX TO GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED

30 SEPTEMBER 2003

	<u>2003</u> £	<u>2002</u> £
A. <u>GROSS CASH FLOWS</u>		
<u>Returns on investments and servicing of finance</u>		
Interest received	1912	5587
Interest paid	(26302)	(4860)
	<u>(24390)</u>	<u>727</u>
 <u>Capital expenditure and acquisitions</u>		
Payments to acquire tangible and intangible fixed assets	(173294)	(39442)
Receipts from sales of tangible fixed assets	132698	-
Exchange movement tangible fixed assets and investments	798	3444
Payments for goodwill and acquisitions	(205142)	-
Sale of investment	18858	-
	<u>(226082)</u>	<u>(35998)</u>
 <u>Financing</u>		
Advance of bank loan	200,000	(11621)
Finance lease repayments	(18675)	-
Bank loan repayments	(8329)	-
	<u>172996</u>	<u>(11621)</u>

B. ANALYSIS OF CHANGES IN NET FUNDS

	<u>At 30/09/02</u>	<u>Cash flow</u>	<u>At 30/09/03</u>
Cash at bank and in hand	711177	(136978)	574199
Overdrafts	(21266)	(124186)	(145452)
	<u>689911</u>	<u>(261164)</u>	<u>428747</u>
Debt due within one year	(18923)	(42512)	(61435)
Debt due outside one year	(40448)	(278889)	(319337)
 <u>NET FUNDS</u>	<u>630540</u>	<u>(582565)</u>	<u>47975</u>