

CAREERS ENTERPRISE LIMITED

FINANCIAL STATEMENTS

31 MARCH 1998



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

DIRECTORS AND OFFICERS

DIRECTORS

W R Abbot
K R Anderson
R W Bamford
H Caunce
Y L Emmerson-Pierce
A Golding
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 1998.

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 directors consider the results of the company to be satisfactory and expect similar results to be achieved in future years.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £601,848 (1997: £573,992).

During the year, the directors paid an interim dividend of £700,000, the first dividend paid since the incorporation of the company, in accordance with the joint venture agreement. They do not recommend the payment of a final dividend.

The retained loss of £98,152 will be transferred to reserves.

DIRECTORS

The following directors have held office since 1 April 1997:-

W R Abbot	
K R Anderson	
D W Artess	resigned 12 January 1998
R W Bamford	appointed 10 July 1997
H Caunce	
P Donoghue	resigned 10 July 1997
Y L Emmerson-Pierce	
A Golding	appointed 15 January 1998
J L Taylor	appointed 10 July 1997 resigned 22 April 1998
C Thompson	

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

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

YEAR 2000 COMPLIANCE

The directors have considered the impact of year 2000 on their business, and will take steps to remedy shortcomings in the companies computer systems over the next 12 months.

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 re-appointed for each succeeding financial year.

By order of the board



N E Williams

Secretary

10 September 1998

**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. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 19.

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's affairs at 31 March 1998 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

16 July 1998

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1998

	Notes	1998	1997
TURNOVER	1	11,135,503	10,762,168
Cost of sales		5,417,244	5,506,448
Gross profit		<u>5,718,259</u>	<u>5,255,720</u>
Net operating expenses	2	4,905,709	4,324,821
OPERATING PROFIT		<u>812,550</u>	<u>930,899</u>
Investment income	3	78,061	45,222
Interest payable	4	18,567	16,384
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>872,044</u>	<u>959,737</u>
Taxation	7	270,196	385,745
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>601,848</u>	<u>573,992</u>
Dividends	8	700,000	-
RETAINED (LOSS)/PROFIT FOR THE YEAR	16	<u>£ (98,152)</u>	<u>£ 573,992</u>

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

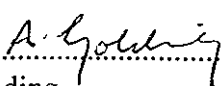
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

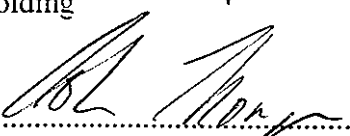
BALANCE SHEET

31 March 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible assets	9	59,783	435,242
Investments	10	6	6
		<u>59,789</u>	<u>435,248</u>
CURRENT ASSETS			
Debtors	11	1,332,507	1,253,406
Cash at bank and in hand		1,471,387	1,248,258
		<u>2,803,894</u>	<u>2,501,664</u>
CREDITORS			
Amounts falling due within one year	12	2,236,560	2,101,831
NET CURRENT ASSETS		<u>567,334</u>	<u>399,833</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>627,123</u>	<u>835,081</u>
CREDITORS			
Amounts falling due in more than one year	13	16,434	126,240
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	-
		<u>£ 610,689</u>	<u>£ 708,841</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account	16	610,589	708,741
SHAREHOLDERS' FUNDS	17	<u>£ 610,689</u>	<u>£ 708,841</u>

Approved by the board on 16 July 1998.


Director
 A Golding


Director
 C Thompson

CASH FLOW STATEMENT
for the year ended 31 March 1998

	Notes	1998	1997
Cash flow from operating activities	18a	1,594,091	1,332,155
Returns on investment and servicing of finance	18b	59,494	28,838
Taxation		(569,000)	(163,026)
Capital expenditure and financial investment	18c	(28,485)	(206,257)
Equity dividends paid		(700,000)	-
Cash inflow before financing		356,100	991,710
Financing	18d	(132,971)	(160,835)
INCREASE IN CASH	18e	£ 223,129	£ 830,875

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

	1998	1997
Increase in cash	223,129	830,875
Cash out flow from decrease in lease financing	132,971	160,835
New finance leases	-	(371,143)
Movement in net funds	356,100	620,567
Net funds at 1 April 1997	990,415	369,848
Net funds at 31 March 1998	£ 1,346,515	£ 990,415

Financial statements for the year ended 31 March 1998

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 1998

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 1998

**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.

	1998	1997
2. NET OPERATING EXPENSES		
Establishment expenses	818,583	737,800
Administration expenses	3,679,301	3,085,241
Other operating expenses	407,825	501,780
	<u>£ 4,905,709</u>	<u>£ 4,324,821</u>
3. INVESTMENT INCOME		
Bank interest receivable	<u>£ 78,061</u>	<u>£ 45,222</u>
4. INTEREST PAYABLE		
Hire purchase interest	<u>£ 18,567</u>	<u>£ 16,384</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

	1998	1997
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	238,085	303,258
leased assets	165,859	193,672
Operating lease rentals:		
Plant and machinery	44,030	48,499
Land and buildings	375,775	333,324
Auditors' remuneration	14,500	14,200
- non audit services	2,500	2,300
	<u>246</u>	<u>240</u>
6. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Management	3	3
Administration	40	29
Careers advisers	203	208
	<u>246</u>	<u>240</u>
Staff costs for the above persons:		
Wages and salaries	4,615,923	4,452,797
Social security costs	337,292	343,508
Other pension costs	291,372	480,162
	<u>£ 5,244,587</u>	<u>£ 5,276,467</u>

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

7. TAXATION

Based on the profit for the year:

UK Corporation tax	270,000	376,748
Under provision for previous year	196	8,997
	<u>£ 270,196</u>	<u>£ 385,745</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

	1998	1997
8. DIVIDENDS		
Interim dividend paid, £7,000 per share	£ 700,000	£ -

The dividend is the first paid by the company from the profits generated since its incorporation.

9. TANGIBLE FIXED ASSETS

	Computers	Furniture, fixtures and fittings	TOTAL
Cost:			
1 April 1997	833,487	240,542	1,074,029
Additions	23,955	4,530	28,485
31 March 1998	857,442	245,072	1,102,514
Depreciation:			
1 April 1997	523,206	115,581	638,787
Charge in the year	322,255	81,689	403,944
31 March 1998	845,461	197,270	1,042,731
Net book value:			
31 March 1998	11,981	47,802	£ 59,783
31 March 1997	310,281	124,961	£ 435,242

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

	1998	1997
Computer equipment	-	161,618
Furniture, fittings and equipment	-	4,241
	£ -	£ 165,859

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

10. FIXED ASSETS INVESTMENTS

Investments in subsidiary undertakings:	1998	1997
Cost:		
1 April 1997	6	4
Additions	-	2
31 March 1998	<u>£ 6</u>	<u>£ 6</u>

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. No consolidation has been prepared as the results of the subsidiaries are immaterial in comparison to the parent undertaking. The accounts presented are therefore providing information about the parent company and not its group.

11. DEBTORS	1998	1997
Due within one year:		
Trade debtors	1,097,547	989,691
Amounts owed by associated undertakings	48,573	127,308
Other debtors	83,099	75,494
Prepayments and accrued income	103,288	60,913
	<u>£ 1,332,507</u>	<u>£ 1,253,406</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

12. CREDITORS	1998	1997
Amounts falling due within one year:		
Trade creditors	114,820	152,047
Net obligations under finance leases and hire purchase contracts	108,438	131,603
Amounts owing to associated undertaking	877,742	254,869
Corporation tax	95,000	376,748
Other taxation and social security costs	383,902	418,168
Other creditors	2,185	51,493
Accruals and deferred income	654,473	716,903
	<u>£ 2,236,560</u>	<u>£ 2,101,831</u>

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

13. CREDITORS		
Amounts falling due in more than one year:		
Net obligations under finance leases and hire purchase contracts	£ 16,434	£ 126,240
Repayable by instalments:		
within one year	108,438	131,603
between one and two years	16,434	108,234
between two and five years	-	18,006
	<u>£ 124,872</u>	<u>£ 257,843</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

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

	Amount provided		Unprovided assets	
	1998	1997	1998	1997
Excess of tax allowances over depreciation	-	-	105,000	94,000
Short term timing differences	-	-	31,000	40,000
	<u>£ -</u>	<u>£ -</u>	<u>£ 136,000</u>	<u>£ 134,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

	1998	1997
15. 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
	<u>£ 100</u>	<u>£ 100</u>
16. PROFIT AND LOSS ACCOUNT		
1 April 1997	708,741	134,749
Retained (loss)/profit for the year	(98,152)	573,992
31 March 1998	<u>£ 610,589</u>	<u>£ 708,741</u>
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	601,848	573,992
Dividends paid	(700,000)	-
	<u>(98,152)</u>	<u>573,992</u>
Opening shareholders' funds	708,841	134,849
Closing shareholders' funds	<u>£ 610,689</u>	<u>£ 708,841</u>
18. NOTES TO THE CASH FLOW STATEMENT		
a. Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	812,550	930,899
Depreciation	403,944	496,930
(Increase) in debtors	(62,045)	(431,639)
Increase in creditors	439,642	335,965
Net cash flow from operating activities	<u>£ 1,594,091</u>	<u>£ 1,332,155</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

		1998	1997	
18.	NOTES TO THE CASH FLOW STATEMENT (Continued)			
b.	Returns on investments and servicing of finance			
	Interest received	78,061	45,222	
	Interest paid	(18,567)	(16,384)	
		<u>£ 59,494</u>	<u>£ 28,838</u>	
c.	Capital expenditure			
	Payments to acquire tangible fixed assets	28,485	206,255	
	Purchase of investment	-	2	
		<u>£ 28,485</u>	<u>£ 206,257</u>	
d.	Financing			
	Capital element of finance lease payments	<u>£ 132,971</u>	<u>£ 160,835</u>	
e.	Analysis of net funds			
		1 April 1997	Cash flows	31 March 1998
	Cash at bank and in hand	1,248,258	223,129	1,471,387
	Finance leases	(257,843)	132,971	(124,872)
	Total	<u>£ 990,415</u>	<u>£ 356,100</u>	<u>£ 1,346,515</u>
f.	Major non-cash transactions			

During the year, the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £Nil (1997:£371,143).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

19. COMMITMENTS UNDER OPERATING LEASES

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

Plant and machinery:

expiring in less than 1 year	4,056	7,904
expiring between 2 and 5 years	37,152	33,418
expiring in more than 5 years	838	838

£ 42,046	£ 42,160
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Land and buildings:

expiring in less than 1 year	71,550	29,800
expiring between 2 and 5 years	300,501	351,501

£ 372,051	£ 381,301
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20. 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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1998

20. PENSION COMMITMENTS (Continued)

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 9% and 6% respectively and result in a pension charge for the year of £291,372 (1997:£480,162).

21. RELATED PARTY TRANSACTIONS

During the year the company received charges for the provision of services of £613,392 and £2,096,024 from Enterprise plc and Careers Management Limited, of which there were amounts outstanding at the year end totalling £429,945 and £447,797 respectively. These companies both have a 50% interest in Careers Enterprise Limited. The charges were made on a commercial basis in accordance with the terms of the joint venture agreement.