

CAREERS ENTERPRISE LIMITED

FINANCIAL STATEMENTS

31 MARCH 1999

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



DIRECTORS AND OFFICERS

DIRECTORS

W R Abbot
K R Anderson
L King
P Mervyn
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

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 1999.

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 company continued to provide a high quality service during the year.

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 £627,910 (1998: £601,848).

During the year, the directors paid interim dividends of £1,030,000. They do not recommend the payment of a final dividend.

The retained loss of £402,090 will be transferred to reserves.

DIRECTORS

The following directors have held office during the period commencing 1 April 1998:-

W R Abbot	
K R Anderson	
R W Bamford	(resigned 17 November 1998)
H Caunce	(resigned 18 June 1999)
Y L Emmerson-Pierce	(resigned 19 April 1999)
A Golding	
L King	(appointed 20 January 1999)
P Mervyn	(appointed 22 April 1998)
J L Taylor	(resigned 22 April 1999)
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 company has introduced a co-ordinated policy to ensure that its systems are fully compliant with Year 2000. The directors expect the systems to be fully compliant by 1 July 1999.

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

21 July 1999

**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 1999 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

23 July 1999

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1999

	Notes	1999	1998
TURNOVER	1	12,087,363	11,135,503
Cost of sales		5,788,552	5,417,244
Gross profit		<u>6,298,811</u>	<u>5,718,259</u>
Net operating expenses	2	5,510,124	4,905,709
OPERATING PROFIT		<u>788,687</u>	<u>812,550</u>
Investment income	3	100,903	78,061
Interest payable	4	15,678	18,567
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>873,912</u>	<u>872,044</u>
Taxation	7	246,002	270,196
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>627,910</u>	<u>601,848</u>
Dividends	8	1,030,000	700,000
RETAINED (LOSS)/PROFIT FOR THE YEAR	16	<u>£ (402,090)</u>	<u>£ (98,152)</u>

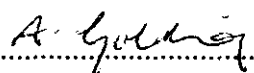
The operating profit for the year arises from the company's continuing operations.

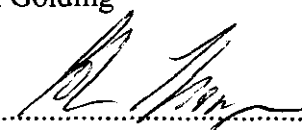
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET
31 March 1999

	Notes	1999	1998
FIXED ASSETS			
Tangible assets	9	195,391	59,783
Investments	10	6	6
		<u>195,397</u>	<u>59,789</u>
CURRENT ASSETS			
Debtors	11	1,516,768	1,332,507
Cash at bank and in hand		450,949	1,471,387
		<u>1,967,717</u>	<u>2,803,894</u>
CREDITORS			
Amounts falling due within one year	12	1,924,515	2,236,560
NET CURRENT ASSETS			
		<u>43,202</u>	<u>567,334</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>238,599</u>	<u>627,123</u>
CREDITORS			
Amounts falling due in more than one year	13	-	16,434
PROVISIONS FOR LIABILITIES AND CHARGES			
	14	30,000	-
		<u>£ 208,599</u>	<u>£ 610,689</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account	16	208,499	610,589
SHAREHOLDERS' FUNDS			
	17	<u>£ 208,599</u>	<u>£ 610,689</u>

Approved by the board on... 21 July 1999

 Director
A Golding

 Director
C Thompson

CASH FLOW STATEMENT
for the year ended 31 March 1999

	Notes	1999	1998
Cash flow from operating activities	18a	509,700	1,594,091
Returns on investment and servicing of finance	18b	85,225	59,494
Taxation		(96,154)	(569,000)
Capital expenditure and financial investment	18c	(381,930)	(28,485)
Equity dividends paid		(1,030,000)	(700,000)
Cash inflow before financing		<u>(913,159)</u>	<u>356,100</u>
Financing	18d	(107,279)	(132,971)
INCREASE IN CASH	18e	<u>£ (1,020,438)</u>	<u>£ 223,129</u>

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

	1999	1998
(Decrease)/Increase in cash	(1,020,438)	223,129
Cash out flow from decrease in lease financing	107,279	132,971
Movement in net funds	<u>(913,159)</u>	<u>356,100</u>
Net funds at 1 April 1998	1,346,515	990,415
Net funds at 31 March 1999	<u>£ 433,356</u>	<u>£ 1,346,515</u>

Financial statements for the year ended 31 March 1999

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
Motor vehicles	over 3 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 1999**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 1999

**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.

	1999	1998
2. NET OPERATING EXPENSES		
Establishment expenses	744,197	818,583
Administration expenses	4,483,023	3,679,301
Other operating expenses	282,904	407,825
	<u>£ 5,510,124</u>	<u>£ 4,905,709</u>
3. INVESTMENT INCOME		
Bank interest receivable	<u>£ 100,903</u>	<u>£ 78,061</u>
4. INTEREST PAYABLE		
Hire purchase interest	<u>£ 15,678</u>	<u>£ 18,567</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

	1999	1998
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	246,322	238,085
leased assets	-	165,859
Operating lease rentals:		
Plant and machinery	45,357	44,030
Land and buildings	357,930	375,775
Auditors' remuneration	15,500	14,500
- non audit services	2,500	2,500
	<u>=====</u>	<u>=====</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	38	40
Careers advisers	205	203
	<u>246</u>	<u>246</u>
	<u>=====</u>	<u>=====</u>
Staff costs for the above persons:		
Wages and salaries	4,469,783	4,615,923
Social security costs	332,437	337,292
Other pension costs	411,510	291,372
	<u>£ 5,213,730</u>	<u>£ 5,244,587</u>
	<u>=====</u>	<u>=====</u>
No directors received any remuneration from the company during the year.		
7. TAXATION		
Based on the profit for the year:		
UK Corporation tax at 31%	245,000	270,000
Under provision for previous year	1,002	196
	<u>£ 246,002</u>	<u>£ 270,196</u>
	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

	1999	1998
8. DIVIDENDS		
Interim dividend paid; £7,000 per share	-	700,000
£5,800 per share	580,000	-
£4,500 per share	450,000	-
	<u>£ 1,030,000</u>	<u>£ 700,000</u>

9. TANGIBLE FIXED ASSETS

	Motor Vehicles	Computers	Furniture, fixtures and fittings	TOTAL
Cost:				
1 April 1998	-	857,442	245,072	1,102,514
Additions	5,000	373,519	3,411	381,930
31 March 1999	<u>5,000</u>	<u>1,230,961</u>	<u>248,483</u>	<u>1,484,444</u>
Depreciation:				
1 April 1998	-	845,461	197,270	1,042,731
Charge in the year	1,667	197,576	47,079	246,322
31 March 1999	<u>1,667</u>	<u>1,043,037</u>	<u>244,349</u>	<u>1,289,053</u>
Net book value:				
31 March 1999	<u>3,333</u>	<u>187,924</u>	<u>4,134</u>	<u>£ 195,391</u>
31 March 1998	<u>-</u>	<u>11,981</u>	<u>47,802</u>	<u>£ 59,783</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

10. FIXED ASSETS INVESTMENTS

	1999	1998
Investments in subsidiary undertakings:		
Cost:		
1 April 1998 and 31 March 1999	£ 6	£ 6
	<u> </u>	<u> </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.

	1999	1998
11. DEBTORS		
Due within one year:		
Trade debtors	1,211,574	1,097,547
Amounts owed by associated undertakings	76,733	48,573
Other debtors	55,249	83,099
Prepayments and accrued income	173,212	103,288
	<u>£ 1,516,768</u>	<u>£ 1,332,507</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

	1999	1998
12. CREDITORS		
Amounts falling due within one year:		
Trade creditors	404,794	114,820
Net obligations under finance leases and hire purchase contracts	17,593	108,438
Amounts owing to associated undertaking	395,226	877,742
Corporation tax	244,848	95,000
Other taxation and social security costs	175,407	383,902
Other creditors	1,400	2,185
Accruals and deferred income	685,247	654,473
	<u>£ 1,924,515</u>	<u>£ 2,236,560</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
Repayable by instalments:		
within one year	17,593	108,438
between one and two years	-	16,434
	<u>£ 17,593</u>	<u>£ 124,872</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	
	1999	1998	1999	1998
Excess of tax allowances over depreciation	-	-	105,000	105,000
Short term timing differences	-	-	9,300	31,000
	<u>£ -</u>	<u>£ -</u>	<u>£ 114,300</u>	<u>£ 136,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

	1999	1998
14. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)		
Discretionary reserve		
1 April 1998	-	-
Provided in year	30,000	-
31 March 1999	<u>£ 30,000</u>	<u>£ -</u>
<p>The discretionary reserve was designated by the company to the boards of its subsidiary companies to spend out of its 1998/99 funding to further the goals of the company in the geographical regions in which it operates.</p>		
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 1998	610,589	708,741
Retained loss for the year	(402,090)	(98,152)
31 March 1999	<u>£ 208,499</u>	<u>£ 610,589</u>
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	627,910	601,848
Dividends paid	(1,030,000)	(700,000)
	<u>(402,090)</u>	<u>(98,152)</u>
Opening shareholders' funds	610,689	708,841
Closing shareholders' funds	<u>£ 208,599</u>	<u>£ 610,689</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

	1999	1998
18. NOTES TO THE CASH FLOW STATEMENT		
a. Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	788,687	812,550
Depreciation	246,322	403,944
(Increase) in debtors	(184,261)	(62,045)
Decrease in creditors	(371,048)	439,642
Provisions	30,000	-
Net cash flow from operating activities	£ 509,700	£ 1,594,091
b. Returns on investments and servicing of finance		
Interest received	100,903	78,061
Interest paid	(15,678)	(18,567)
	£ 85,225	£ 59,494
c. Capital expenditure		
Payments to acquire tangible fixed assets	£ 381,930	£ 28,485
d. Financing		
Capital element of finance lease payments	£ 107,279	£ 132,971

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

18. NOTES TO THE CASH FLOW STATEMENT (Continued)

e. Analysis of net funds

	1 April 1998	Cash flows	31 March 1999
Cash at bank and in hand	1,471,387	(1,020,438)	450,949
Finance leases	(124,872)	107,279	(17,593)
Total	<u>£ 1,346,515</u>	<u>(913,159)</u>	<u>£ 433,356</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

Plant and machinery:

expiring in less than 1 year	9,002	4,056
expiring between 2 and 5 years	30,825	37,152
expiring in more than 5 years	-	838

<u>£ 39,827</u>	<u>£ 42,046</u>
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Land and buildings:

expiring in less than 1 year	82,380	71,550
expiring between 2 and 5 years	238,801	300,501

<u>£ 321,181</u>	<u>£ 372,051</u>
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1999

20. PENSION COMMITMENTS

The company participates in the Superannuation Arrangements of the LAWDC pension scheme, which is a centralised defined benefit scheme for certain employees, with the assets held in separate trustee-administered funds. The total cost of pension contributions for employees of the company during the year was £411,510 (1998: £291,372)

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out at 31 March 1997, using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following actuarial assumptions were used:

Investment return	8.75% per annum
General level of salary growth	7% per annum
Benefit increases	5% per annum

As a whole, the market value of the scheme's assets was £11,599,000, and the actuarial value of those assets represented 115% of the liability for benefits after allowing for expected future increases in salaries.

At 31 March 1999 the approximate market value of the schemes assets attributable to the company was £2,950,000 which represented 118% of the liability for benefits after allowing for expected future increases in salaries.

The funding of the scheme is by area and contribution rates for each area are as follows:-

Kent	10%
North Buckinghamshire	8.7%
South Buckinghamshire	11.3%
Enterprise	8.4%

21. RELATED PARTY TRANSACTIONS

During the year the company received charges for the provision of services of £726,605 and £2,423,209 from Enterprise plc and Careers Management Limited, of which there were amounts outstanding at the year end totalling £299,332 and £95,893 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.