

CHARTWELL LEARNING & DEVELOPMENT LIMITED

(Formerly Chartwell Bratt (Publishing & Training) Limited)

YEAR ENDED 31 DECEMBER 1998

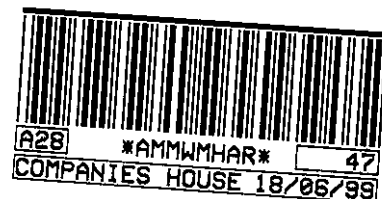
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Management Accounts

The following page does
not form part of the
Statutory Accounts.

8. DETAILED TRADING PROFIT
AND LOSS ACCOUNT



MATTISON & CO.
Chartered Accountants
Chislehurst,
Kent.

YEAR ENDED 31 DECEMBER 1998DIRECTORS REPORT

The Directors present their report together with financial statements for the year ended 31 December 1998

1. BUSINESS ACTIVITIES

The company's principal activities during the year were the supply of training programmes and educational publishing.

2. DIRECTORS AND THEIR INTERESTS

The Directors during the year were as follows:

	<u>31.12.97</u>	<u>31.12.98</u>
K.J. Munro	-	10,500
S. Persson (resigned 31.3.98)	-	-
S.J. Munro (appointed 31.3.98)	-	9,500

The entire allotted share capital was acquired from the former holding company Bratt International AB effectively from 1 January 1998.

3. DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

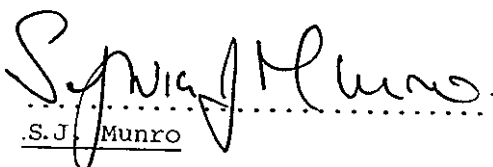
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

4. CREDITORS

In accordance with Section 385, Companies Act 1985, a resolution for the re-appointment of Mattison & Co. Chartered Accountants, as auditors the company is to be proposed at the forthcoming Annual General Meeting.

The above report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board


.....
S.J. Munro

18 May 1999

YEAR ENDED 31 DECEMBER 1998

AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY

We have audited the accounts on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

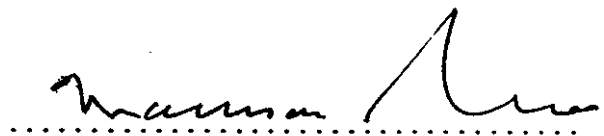
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of the evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Registered Auditor

Mattison & Co.,
Chartered Accountants
10A Royal Parade,
Chislehurst, Kent.
BR7 6NR.

18 May 1999

YEAR ENDED 31 DECEMBER 1998

<u>BALANCE SHEET AS AT 31 DECEMBER 1998</u>			31.12.1997
	<u>Notes</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible Assets	2)	20,183	7,000
<u>CURRENT ASSETS</u>			
Stocks	3)	22,930	15,667
Debtors	4)	61,977	60,254
Cash at Bank		<u>54,784</u>	<u>-</u>
		139,691	75,921
<u>CREDITORS</u>			
Amounts falling due within one year	5)	<u>114,069</u>	<u>60,056</u>
		25,622	<u>15,865</u>
<u>NET ASSETS</u>		<u>£ 45,805</u>	<u>£22,865</u>
<u>CAPITAL & RESERVES</u>			
Called-up Share Capital	6)	20,000	20,000
Profit & Loss Account		<u>25,805</u>	<u>2,865</u>
<u>SHAREHOLDERS' FUNDS</u>	13)	<u>£ 45,805</u>	<u>£22,865</u>

The accounts are prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors



 K.J. Munro
 Director

18 May 1999

YEAR ENDED 31 DECEMBER 1998

<u>PROFIT AND LOSS ACCOUNT</u>			1996/97
	<u>Note</u>	<u>£</u>	<u>£</u>
<u>TURNOVER</u>	1)	426,668	459,524
Cost of Sales		<u>178,601</u>	<u>268,767</u>
<u>GROSS PROFIT</u>		248,067	190,757
Administrative Expenses		<u>173,009</u>	<u>283,360</u>
		75,058	(92,603)
Other Operating Income		<u>3,800</u>	<u>96,561</u>
<u>OPERATING PROFIT</u>	7)	78,858	3,958
Interest Payable		<u>13</u>	<u>872</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
<u>BEFORE TAXATION</u>		78,845	3,086
Tax on Profit on Ordinary Activities	8)	<u>15,905</u>	<u>2,880</u>
<u>PROFIT FOR THE FINANCIAL YEAR</u>			
<u>AFTER TAXATION</u>		62,940	206
<u>DIVIDENDS</u>	12)	<u>40,000</u>	<u>-</u>
<u>PROFIT FOR THE YEAR</u>		22,940	206
<u>RETAINED PROFIT AT 1 January 1998</u>		<u>2,865</u>	<u>2,659</u>
<u>RETAINED PROFIT AT 31 December 1998</u>		<u>£ 25,805</u>	<u>£ 2,865</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit and loss for the above two financial years.

YEAR ENDED 31 DECEMBER 1998

NOTES TO THE ACCOUNTS1. ACCOUNTING POLICIESi) Basis of Accounting

The accounts have been prepared under the historical cost convention.

ii) Stocks

Stocks on hand are valued at the lower of cost and net realisable value.

iii) Depreciation

The company's policy is to provide for depreciation on the following basis:

Plant and Machinery	-	20% equally over 5 years
Fixtures & Fittings	-	20% equally over 5 years
Motor Vehicles	-	25% equally over 4 years
Computer Equipment	-	25% equally over 4 years

The policy changed from 1 January 1998 but the difference arising is not considered material to the results shown by these accounts.

iv) Leasing

Rentals payable under operating leases are charged against profit as incurred.

v) Deferred Taxation

There is no material timing difference.

vi) Foreign Currencies

Transaction in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the Profit and Loss account.

vii) Turnover represents net invoiced sales, excluding VAT.viii) Pensions

The company operated a non-contributory defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

2. TANGIBLE FIXED ASSETS

	Computer Equipment	Motor Vehicles	Plant & Machinery	Fixtures & Fittings	Total	1997
	£	£	£	£	£	£
<u>Cost</u>						
At 1 January 1998	-	-	37,235	7,414	44,649	73,449
Additions	1,053	18,376	-	-	19,429	-
Disposals	-	-	-	-	-	(28,800)
At 31 December 1998	<u>1,053</u>	<u>18,376</u>	<u>37,235</u>	<u>7,414</u>	<u>64,078</u>	<u>44,649</u>
<u>Depreciation</u>						
At 1 January 1998	-	-	31,235	6,414	37,649	55,112
Provided during Year	263	4,583	1,200	200	6,246	3,003
On Disposals	-	-	-	-	-	(20,466)
At 31 December 1998	<u>263</u>	<u>4,583</u>	<u>32,435</u>	<u>6,614</u>	<u>43,895</u>	<u>37,649</u>
<u>Net Book Value</u>						
At 31 December 1998	<u>£ 790</u>	<u>£13,793</u>	<u>£4,800</u>	<u>£ 800</u>	<u>£20,183</u>	<u>£7,000</u>

YEAR ENDED 31 DECEMBER 1998

<u>NOTES TO THE ACCOUNTS (Contd)</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
3. <u>STOCKS</u>		
Finished goods and goods for resale	£ 22,930	£15,667
4. <u>DEBTORS</u>		
Trade Debtors	58,584	33,583
Amounts owed by parent undertaking	-	17,328
Other Debtors	3,393	9,343
	£ 61,977	£60,254
5. <u>CREDITORS</u> - Amounts falling due within One Year		
Directors Current Account	16,382	-
Bank Overdraft	-	1,548
Trade Creditors	52,561	34,643
Corporation Tax	12,000	2,500
Other Taxes and Social Security Costs	3,639	545
Other Creditors and Accruals	4,487	20,820
Dividends	20,000	-
Advance Corporation Tax	5,000	-
	£114,069	£60,056
6. <u>SHARE CAPITAL</u>		
Authorised, Allotted and Fully Paid 20,000 Ordinary Shares of £1 each	£ 20,000	£20,000
The whole of the share capital of the company was transferred from its former parent undertaking Bratt International AB with effect on 1 January 1998.		
7. <u>OPERATING PROFIT</u>		
This is stated after charging/(crediting):		
Directors' emoluments including benefits in kind	32,623	-
Auditors' remuneration	6,425	9,000
Depreciation of owned assets	6,246	3,003
Exchange losses (gains)	769	(13,796)
Hire of equipment	1,730	2,320
Loss on disposal of assets	-	7,534
Pension contributions	1,270	2,069

YEAR ENDED 31 DECEMBER 1998

NOTES TO THE ACCOUNTS (Contd)

	<u>1998</u>	<u>1997</u>
8. <u>TAXATION</u>		
Corporation Tax on the Results for the Year	17,000	2,880
Prior Year Adjustments	<u>1,095</u>	<u>-</u>
	<u>£15,905</u>	<u>£ 2,880</u>
9. <u>PENSION COMMITMENTS</u>		
The company has a defined contribution pension scheme for one employee.		
10. <u>OTHER COMMITMENTS</u>		
At 31 December 1998 the company had annual commitments under non-cancellable operating leases on office equipment as set out below:		
Operating leases which expire:		
Within two to five years	<u>£ 1,325</u>	<u>£ 2,568</u>
11. <u>TRANSACTIONS WITH DIRECTORS</u>		
Chartwell Associates of which K.J. and S.J. Munro were partners, received fees for consultancy services, use of business premises and provision of a motor vehicle totalling £40,274 (1997 - £72,744). This arrangement ceased on 30 June 1998.		
12. <u>DIVIDENDS</u>		
Paid during the year	20,000	-
Proposed	<u>20,000</u>	<u>-</u>
	<u>£40,000</u>	<u>£ -</u>
13. <u>RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES</u>		
Profit for the Year	62,940	206
Less: Dividends	<u>40,000</u>	<u>-</u>
	22,940	206
Opening Shareholders Funds	<u>22,865</u>	<u>22,659</u>
Closing Shareholders Funds	<u>£45,805</u>	<u>£22,865</u>
Issued Share Capital	20,000	20,000
Profit and Loss Account	<u>25,805</u>	<u>2,865</u>
	<u>£45,805</u>	<u>£22,865</u>

YEAR ENDED 31 DECEMBER 1998

DETAILED TRADING, PROFIT AND LOSS ACCOUNT

		1997
	£	£
Turnover	426,668	459,524
Cost of Sale	<u>178,601</u>	<u>268,767</u>
Gross Profit	248,067	190,757
Other Income - Claim for infringement of Copyright	3,800	-
- Fees Chargeable to Group Company	<u>-</u>	<u>96,561</u>
	251,867	287,318
<u>Expenses</u>		
Management Fees	36,000	72,744
Directors' Remuneration	30,000	-
Consultancy Fees	21,700	58,330
Salaries, NIC and sundry Staff Costs	23,173	73,958
Pension	1,270	2,069
Storage, Handling and Freight	20,564	25,294
Telephone	4,407	5,813
Motor and Travel	11,528	13,633
Insurance	308	950
Advertising	1,957	1,500
Loss (Gain) on Exchange	769	(13,976)
Printing, Postage and Stationery	4,856	5,459
Entertaining	2,750	2,548
Bad Debts Provision no longer required	(4,500)	3,220
Repairs and Renewals	829	6,146
Bank and Credit Card Charges and interest	1,249	3,498
Hire of Equipment	1,730	2,320
Audit and Accountancy	6,415	10,350
Legal and Professional	1,031	-
Sundry	480	(161)
Depreciation	6,246	3,003
Loss on Disposal of Fixed Assets	-	7,534
Office Charge	<u>260</u>	<u>-</u>
	<u>173,022</u>	<u>284,232</u>
	<u>£ 78,845</u>	<u>£ 3,086</u>