COPY FOR REGISTRAR OF COMPANIES

L'ECOLE DES PETITS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 1997

2606821

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RICHARD ANTHONY & COMPANY
Chartered Accountants and Registered Auditors

L'ECOLE DES PETITS LIMITED

YEAR ENDED 31ST AUGUST 1997

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Company Information

Directors	:	N J Otten M Otten
Secretary	:	M Otten
Registration Number	:	2606821
Registered Office	:	2 Hazlebury Road London SW6 2NB

L'ECOLE DES PETITS LIMITED

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FOR THE YEAR ENDED 31ST AUGUST 1997

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of the statutory financial statements

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L'ECOLE DES PETITS LIMITED

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company for the year ended 31st August 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a Bi-lingual pre-primary school.

REVIEW OF BUSINESS

Turnover during the year has increased by 3.81%. The directors consider the results achieved on the ordinary activities before taxation to be satisfactory.

RESULTS & DIVIDENDS

The results for the year are set out on page 4. The directors do not recommend the payment of a dividend for the year.

FUTURE DEVELOPMENTS

There are no significant developments taking place in respect of the company's affairs.

EVENTS SINCE THE END OF THE YEAR

There were no material events affecting the company since the end of the year.

DIRECTORS

The directors who held office during the year and their beneficial interests in the issued ordinary share capital were as follows:

	1997	1996
N J Otten	50	50
M Otten	50	50

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each 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 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 financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Continued/....

L'ECOLE DES PETITS LIMITED

REPORT OF THE DIRECTORS
(CONTINUED)

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DIRECTORS' RESPONSBILITIES
(continued)

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 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

In accordance with the Companies Act 1985, a resolution proposing the re-appointment of Richard Anthony & Company as Auditors to the Company will be put to the forthcoming Annual General Meeting.

Secretary - M Otten

Approved by the Board on this 19th day of January 1998

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REPORT OF THE AUDITORS TO THE MEMBERS OF

L'ECOLE DES PETITS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on pages 1 and 2 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 as at 31st August 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Richard Anthony & Company
Chartered Accountants and
Registered Auditors
13 Station Road
Finchley
London N3 2SB

Dated this 9th day of February 1998

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L'ECOLE DES PETITS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1997

	NOTES	£	£	£	1996 £
TURNOVER	1(c),2		364,721		351,332
Cost of Sales			198,902		182,825
GROSS PROFIT			165,819		168,507
Distribution Costs		67,351		65,486	
Administrative Expenses		55,565		65,179	
			122,916		130,665
OPERATING PROFIT	3		42,903		37,842
Interest Receivable and Other Income	6		854		887
Interest Payable and Similar Charges	7		(33,068)		(32,054)
PROFIT on ordinary Activities before Taxation			10,689		6,675
TAXATION	8		2,998		3,236
PROFIT on ordinary Activities after Taxation			7,691		3,439
ACCUMULATED LOSS at 1st September 1996			(27,083)		(30,522)
ACCUMULATED LOSS at 31st August 1997			(19,392)		(27,083)

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

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L'ECOLE DES PETITS LIMITED

BALANCE SHEET AS AT 31ST AUGUST 1997

	NOTES	£	1996 £
FIXED ASSETS			
Tangible Assets	1(d),9	432,879	433,966
CREDITORS: Amounts falling due within one year	11	118,511	114,952
TOTAL ASSETS LESS CURRENT LIABILITIES		314,368	319,014
CREDITORS: Amounts falling due after more than one year	12	333,660	345,997
NET LIABILITIES		(19,292)	(26,983)
CAPITAL AND RESERVES			
Called up Share Capital	14	100	100
Profit and Loss Account		(19,392)	(27,083)
SHAREHOLDERS' FUNDS	15	(19,292)	(26,983)

N J Otten)

) Directors

M Otten)

Approved by the Board on the 19th day of January 1998

The notes on pages 6 to 10 form an integral part of these financial statements

COPY FOR REGISTRAR OF COMPANIES

L'ECOLE DES PETITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST AUGUST 1997

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the appropriate accounting standards. They include the results of the company's operations which are described in the Directors Report, all of which are continuing.

(b) Basis of Preparing Financial Statements

At 31st August 1997, current liabilities amounted to £118,511, and the company was able to generate a low level of profit. The directors are confident that the company will be able to generate trading profits in the future. However, should this not be the case, the company would be unable to continue trading. Adjustments would then be required to reduce the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities. The financial statements have been prepared on a going concern basis, on the assumption that future trading profits will be produced, and that the directors' and the bankers will continue to support the company.

(c) Turnover

Turnover represents terms fees receivable in respect of pupils' education.

(d) Tangible Fixed Assets

Depreciation is provided, at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures, Fittings & Equipment	- 25% on written down value
Improvements to Premises	- 20% on cost
Computers	- 33⅓% on cost

(e) Pension Costs

The company operates a defined contribution pension scheme, the assets of which are separately administered. No pension contributions have been paid since 28th November 1992. The scheme has lost its approval from the PSO and is currently seeking reinstatement as a "tax exempt" scheme. The charge to the profit and loss account represents actual payments made in the year to separate insured pension schemes for the benefit of the directors.

(f) Cash Flow Statement

The company qualifies as a small company as defined in Section 247 of the Companies Act 1985 and is therefore exempt from preparing a Cash Flow Statement as specified by paragraph 8 of Financial Reporting Standard No. 1.

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the company, and all turnover, cost of sales and expenses arose in respect of continuing activities.

An analysis of turnover is given below:	1997 £	1996 £
United Kingdom	364,721	351,332

L'ECOLE DES PETITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST AUGUST 1997
(Continued)

COPY FOR REGISTRAR OF COMPANIES

3. OPERATING PROFIT

The operating profit is stated after charging:	1997 £	1996 £
Depreciation	3,748	10,801
Directors' Remuneration	32,155	29,501
Pension Costs	1,340	1,340
Auditors Remuneraiton	2,500	3,250

4. STAFF COSTS

Staff costs, including directors remuneration, were as follows:	1997 £	1996 £
Salaries	170,027	153,630
Social Security Costs	13,985	12,272
Pension Costs	1,340	1,340
	185,352	167,242

The average monthly number of employees during the year, including directors, was as follows:

Office and Management	2	2
Teachers and Assistants	18	16

5. DIRECTORS REMUNERATION

Directors remuneration, excluding employers National Insurance, amounted to:	1997 £	1996 £
Fees	32,155	29,501
Pension Costs	1,340	1,340
	33,495	30,841

6. INTEREST RECEIVABLE AND OTHER INCOME

	1997 £	1996 £
Bank Interest Receivable	854	887

COPY FOR REGISTRAR OF COMPANIES

L'ECOLE DES PETITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST AUGUST 1997
(Continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Bank Overdraft	196	125
Bank Loans	32,869	31,929
Other Interests	3	-
	33,068	32,054

8. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1997 £	1996 £
United Kingdom Corporation Tax	2,920	3,104
Underprovision for Prior Years	78	132
	2,998	3,236

9. TANGIBLE FIXED ASSETS

	Freehold Property	Improvements to Premises	Computers	Fixtures, Fittings and Equipment	Total
	£	£	£	£	£
COST:					
At 1st September 1996	425,000	36,226	3,214	18,785	483,225
Additions	-	-	-	2,661	2,661
At 31st August 1997	425,000	36,226	3,214	21,446	485,886
DEPRECIATION:					
At 1st September 1996	-	35,983	1,571	11,705	49,259
Charge for the Year	-	242	1,071	2,435	3,748
At 31st August 1997	-	36,225	2,642	14,140	53,007
NET BOOK VALUE:					
At 31st August 1997	425,000	1	572	7,306	432,879
At 31st August 1996	425,000	243	1,643	7,080	433,966

No depreciation has been charged on the freehold property as the directors are of the opinion that the building element has a life in excess of 50 years.

COPY FOR REGISTRAR OF COMPANIES

L'ECOLE DES PETITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST AUGUST 1997
(Continued)

10. CAPITAL COMMITMENTS

Capital expenditure commitments were as follows:	1997 £	1996 £
Contracted but not provided for in the financial statements	Nil	Nil

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Current Portion of Bank Loans (note 13)	24,032	24,032
Bank Overdraft (Secured)	19,661	25,268
Corporation Tax (note 8)	2,920	3,104
Other Taxation and Social Security	4,091	-
Prepaid Term Fees and Deposits	45,241	39,991
Liaison Investments Pension Fund	10,622	10,622
Directors Loan Account	9,594	9,585
Accruals	2,350	2,350
	118,511	114,952

The bank overdraft was secured by way of a mortgage debenture dated 4th November 1991.

Mr N Otten was owed the sum of £9,594 (1996 - £9,585) by the company at the balance sheet date. There are no fixed terms for repayment and the monies have been lent interest free.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Bank Loan (note 13)	333,660	345,997

13. BANK LOANS

The bank loans repayable, other than annual instalment, bear interest at 8.85% per annum.	1997 £	1996 £
Amounts repayable within five years	120,160	120,160
Amounts repayable after five years	237,532	249,869
	357,692	370,029
Less: Current Portion of Bank Loans (note 11)	(24,032)	(24,032)
	333,660	345,997

The bank loans are secured by way of a fixed and floating charge on the assets of the company.

COPY FOR REGISTRAR OF COMPANIES

L'ECOLE DES PETITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST AUGUST 1997
(Continued)

14. CALLED UP EQUITY SHARE CAPITAL

	1997 £	1996 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid:		
100 Ordinary shares of £1 each	100	100

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the Financial Year	7,691	3,439
Opening Shareholders' Funds	(26,983)	(30,422)
Closing Shareholders' Funds	(19,292)	(26,983)

16. CONTINGENT LIABILITIES

There are no contingent liabilities to the knowledge of the directors.

17. PENSION COMMITMENTS

The company has maintained a pension scheme for the present directors of the company.

18. OTHER FINANCIAL COMMITMENTS

The company is committed to the following annual payments under non-cancellable operating leases:	Land & Buildings 1997 £	Land & Buildings 1996 £
Expiry Date:		
Between two and five years	10,622	10,622

The directors are unaware of any other financial commitments outstanding at the year end.

19. POST BALANCE SHEET EVENTS

There were no significant post Balance Sheet events which materially affect the state of the company's affairs.

20. TRANSACTIONS INVOLVING DIRECTORS

During the year £25,700 (1996 - £25,725) was paid to Mr and Mrs N Otten in respect of rent on their share of ownership in the school premises. In addition, £10,622 (1996 - £10,622) was paid to the Liaison Investments Pension Fund in respect of rent on its share of ownership in the school premises. The pension fund is maintained for the benefit of the directors.

21. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, M N Otten is the ultimate controlling party of the company.