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EXPLORE LEARNING LIMITED
REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 2001

COMPANY NUMBER: 4117281



Birch & Co
Chartered Accountants
The Oast House
Park Row
Farnham
Surrey
GU9 7JH

EXPLORE LEARNING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2001

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The directors present their report and the audited financial statements for the period from the date of incorporation, 27 November 2000, to 30 November 2001.

Principal Activities

The principal activity of the company is that of operating primary education centres.

Directors

The directors who held office throughout the period and their interests in the shares of the company were as follows:

	Number of ordinary shares of £1 each 30 November 2001
W Mills (appointed 27.11.00)	600
P Horth (appointed 27.11.00, resigned 11.05.01)	25
R Fitzgerald (appointed 27.11.00)	-
P Freeman (appointed 27.11.00)	50
A Tripp (appointed 15.02.01)	-

The report of the directors has been prepared in accordance with the special provisions of Part VII of the companies Act 1985 applicable to small companies.

By Order of the Board

P Whatling
Secretary

14th May 2002

Registered office:

The Oast House
Park Row
Farnham
Surrey
GU9 7JH

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 of the profit or loss of the company for that year. In preparing these 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 the going concern basis unless it is 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 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.

We have audited the financial statements of Explore Learning Limited for the period ended 30 November 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the 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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of Opinion

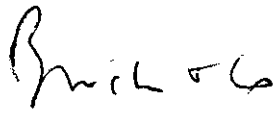
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 mis-statement, 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.

Continued on page 4a

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BIRCH & CO
Chartered Accountants
Registered Auditors

15th May 2002

The Oast House
Park Row
Farnham
Surrey
GU9 7JH

EXPLORE LEARNING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 NOVEMBER 2001

	Notes	2001 £
Turnover	1	3,497
Cost of sales		23,873
Gross Profit		(20,376)
Administrative expenses		373,349
Other operating income		20,000
Operating Loss		(373,725)
Interest receivable		15,631
Loss on Ordinary Activities before taxation		(358,094)
Taxation	3	-
Retained loss for the period		(358,094)

Statement of Recognised Gains and Losses

There are no gains or losses other than the loss for the period as shown.

There were no discontinued operations during the year.

EXPLORE LEARNING LIMITED
BALANCE SHEET
AT 30 NOVEMBER 2001

	Notes	£	2001 £
Fixed Assets			
Tangible assets	4		55,801
Current Assets			
Debtors	5	34,503	
Cash at bank and in hand		203,260	
		237,763	
Creditors - amounts falling due within one year	6	27,033	
Net Current Assets			210,730
Total Assets less Current Liabilities			266,531
Provision for liabilities and charges	9		24,000
Net Assets			242,531
Capital and Reserves			
Share capital	7		1,225
Share premium account	11		599,400
Profit and loss account			(358,094)
Shareholders Funds	8		242,531

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements on pages 5 to 10 were approved by the board of directors on 14th May 2002 and were signed on its behalf by:

.....

Director

1. **Accounting Policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

a) **Basis of accounting**

The accounts have been prepared under the historical cost basis of accounting.

b) **Turnover**

Turnover represents the total amount receivable by the company from the sale of goods and provision of services exclusive of VAT.

c) **Depreciation**

Depreciation is charged on a straight-line basis at such a rate as will cause the assets to be written off in the books of the company at the end of their useful working life. The rates used are as follows:

Fixtures, fittings and equipment	33.3%

2. **Profit on Ordinary Activities before Taxation**

	2001 £
Is stated after charging :	
Auditors' remuneration	1,500
Depreciation	5,901
Directors emoluments	124,788

3. **Taxation**

Profit and Loss Account

United Kingdom corporation tax at the rate applicable to small companies on the ordinary activities for the period.	-

4. **Tangible Fixed Assets**

	Fixtures, fittings & equipment	Total
Cost	£	£
Additions	61,702	61,702
Disposals	-	-
At 30 November 2001	61,702	61,702
Depreciation		
Charge for period	5,901	5,901
Disposals	-	-
At 30 November 2001	5,901	5,901
Net Book Value		
At 30 November 2001	55,801	55,801

5. **Debtors**

	2001
	£
Trade debtors	457
VAT	11,648
Other debtors	21,557
Prepayments	841
	34,503

6. **Creditors: Amounts Falling due within One Year**

Trade creditors	9,728
Other taxation and social security	5,648
Accruals and other creditors	11,657
	27,033

7. **Share Capital**

	2001 £
Authorised:	
10,000,000 Ordinary shares of £0.001 each	10,000
Allotted, called up and fully paid:	
500,000 'A' Ordinary shares of £0.001 each	500
725,000 Ordinary shares of £0.001 each	725
	1,225

8. **Transactions with Directors**

During the year consultancy payments were made to Limited companies, in which the directors have a material interest, as follows:

		£
A Tripp	Inside Track Learning LLC	13,899

9. **Provisions for Liabilities and Charges**

	£
At 30 November 2001	24,000

At the balance sheet date, learning centre fit-out works had been completed and fixed assets created. No invoice has been received for this work to date.

10. **Reconciliation of Reserves**

	Called-up share capital £	Share premium £	Profit and loss account £
Share issues:			
'A' Ordinary	500	499,500	-
Ordinary	725	99,900	-
Loss for the period	-	-	(358,094)
Balance at 30 November 2001	1,225	599,400	(358,094)

11. Future Financial Commitments

At 30 November 2001 the company had annual commitments under operating leases as set out below:

Leases which expire:	£
Within 1 year	-
2 - 5 years	10,000
	10,000