

QUIXA LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2002



QUIXA LIMITED**Company Information for the year ended 31 December 2002**

DIRECTORS

C Williams
J Elliott
A Hasoon
S Williams (appointed 26-2-2002)
L Ross (resigned 26-2-2002)
J Hanson (resigned 26-2-2002)
A Reeves (resigned 11-11-2002)

SECRETARY

S Williams

REGISTERED OFFICE

42 Bedford Row
London
WC1R 4JL

REGISTERED NUMBER

04002722 (England & Wales)

BANKERS

Bank of Scotland

QUIXA LIMITED

Directors' Report for the year ended 31 December 2002

The Directors submit their Report and the accounts of the company for the year ended 31 December 2002...

PRINCIPAL ACTIVITY

The principal activity of the Company during the year under review was that of the provision of information technology services.

REVIEW OF THE BUSINESS

The company has successfully detached itself from CourseLeader, just prior to CourseLeader's collapse.

The strategy for the year has focussed on survival;

- settlement of all previous debts has now been negotiated
- all remaining subsidiaries are now self funding
- Quixa Netmedia and Progressive Learning have been dissolved.

DIRECTORS

The beneficial interests of the Directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	2002	2001
J Elliott	1,029,244	1,029,244
A Hasoon	1,581,947	1,581,947
S Williams	585,452	585,452

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period 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 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 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 1995. 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.

QUIXA LIMITED

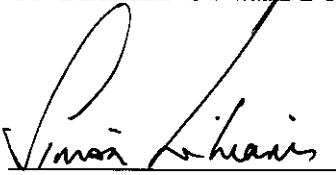
Directors' Report for the year ended 31 December 2002

AUDITORS

The company has decided not to appoint auditors under Section 246 of the Companies Act 1995.

This report has been prepared in accordance with the special exemptions relating to small companies and small groups within Part VII of the Companies Act 1995.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'S Williams', is written over a horizontal line.

S Williams – Secretary

Dated: 30-6-03

QUIXA LIMITED**Profit and Loss Account for the year ended 31 December 2002**

	Notes	12 MONTHS to 31.12.02 £	12 MONTHS to 31.12.01 £
Turnover		1,448	167,369
Cost of Sales		<u>1,456</u>	<u>(350,732)</u>
Gross Profit		2,904	(183,363)
Administration expenses		(5,149)	(133,495)
Operating Profit / (Loss)	2	<u>(2,245)</u>	<u>(316,858)</u>
Interest receivable and similar income		250	5,681
Amounts written off investments	3	(374,342)	(1,624,301)
Interest payable and similar charges		(681)	(4,649)
Profit/(Loss) on ordinary activities before taxation		<u>(377,018)</u>	<u>(1,940,128)</u>
Taxation		0	0
Profit/(Loss) for the financial period		<u>(377,018)</u>	<u>(1,940,128)</u>
Dividends		<u>0</u>	<u>0</u>
RETAINED PROFIT / (LOSS) FOR YEAR		(377,018)	(1,940,128)
RETAINED PROFIT AT 31 December 2001		(2,597,433)	(657,306)
RETAINED PROFIT AT 31 December 2002		(2,974,451)	(2,597,433)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit or loss for the current and previous years.

QUIXA LIMITED**Balance Sheet as at 31 December 2002**

	NOTES	12 MONTHS to 31.12.02		12 MONTHS to 31.12.01	
		£	£	£	£
FIXED ASSETS					
Investments	4		545,302		545,902
CURRENT ASSETS					
Bank		14,649		614	
Debtors	5	383		406,612	
		15,032		407,225	
CREDITORS					
(Amount falling due within one year)	6	(853)		(16,629)	
NET CURRENT ASSETS / (LIABILITIES)			14,179		390,597
CREDITORS					
Amounts falling due > one year	7		(89,096)		(89,096)
TOTAL ASSETS LESS CURRENT LIABILITIES			470,385		847,403
CAPITAL & RESERVES					
Called up Share Capital	8		1,593,941		1,593,941
Share Premium			1,850,895		1,850,895
Profit & Loss Account			(2,974,451)		(2,597,433)
SHAREHOLDERS FUNDS	9		470,385		847,403

The Directors are satisfied that the Company was entitled to exemption under subsection (1) of Section 249A of the Companies Act 1995 and that no members have requested an audit pursuant to subsection (2) of Section 249B in relation to the accounts for the financial year.

The Directors acknowledge their responsibility for:-

- i) ensuring that the company keeps accounting records which comply with Section 221 and;
- ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss in the financial year in accordance with the requirements of this Act relating to accounts, so far as applicable to the Company.

In preparing these financial statements we have taken advantage of the special exemptions conferred by sections 246 and 247 of the Companies Act 1995 on the grounds that the Company is entitled to those exemptions as part of a small group.

QUIXA LIMITED

Balance Sheet as at 31 December 2002

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1995 and the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD



J Elliott DIRECTOR

Dated: 30-6-03

The notes on Pages 8 – 10 form part of these financial statements

QUIXA LIMITED**Notes to the Accounts for the year ended 31 December 2002**

1 ACCOUNTING POLICIES**a ACCOUNTING CONVENTION**

The accounts are prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards.

b FINANCIAL REPORTING STANDARD NUMBER 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

c TURNOVER

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers.

2 OPERATING PROFIT

The operating profit is stated after charging:

Operating Profit

	2002 £	2001 £
Depreciation - owned assets		(73,389)
Auditors remuneration		(2,500)

3 AMOUNTS WRITTEN OFF INVESTMENTS

	2002 £	2001 £
CourseLeader		(1,625,555)
Country Supplies	(374,342)	
Quixa Netmedia		1,254
	<u>(374,342)</u>	<u>(1,624,301)</u>

4 FIXED ASSET INVESTMENTS

	2002 £	2001 £
Quixa Solutions (formerly Homepage)	545,302	545,302
Progressive Learning	Dissolved	0
Country Supplies	0	0
Quixa Netmedia	Dissolved	600
	<u>545,302</u>	<u>545,902</u>

QUIXA LIMITED**Notes to the Accounts for the year ended 31 December 2002**

Subsidiaries	% holding	% holding
Quixa Solutions (formerly Homepage)	100%	100%
Progressive Learning	Dissolved	100%
Country Supplies	20%	100%
Quixa Netmedia	Dissolved	60%

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade Debtors	0	24,590
Amounts owed by Group Undertakings	0	374,342
Other Debtors	384	7,680
	<u>384</u>	<u>406,612</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade Creditors	(353)	(8,513)
Taxations and Social Security	0	(8,116)
Other Creditors	(500)	0
	<u>(853)</u>	<u>(16,629)</u>

7 CREDITORS: AMOUNTS FALLING DUE > ONE YEAR

	2002 £	2001 £
Amounts owed to Group Undertakings	(89,096)	(89,096)

8 CALLED UP SHARE CAPITAL

	Nominal Value	2002 £	2001 £
Authorised Number 30,000,000 Ordinary Shares	20p	6,000,000	6,000,000
Allotted, issued and fully paid 7,969,705 Ordinary Shares	20p	1,593,941	1,593,941

QUIXA LIMITED**Notes to the Accounts for the year ended 31 December 2002**

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2002	2001
	£	£
Profit for the Financial Year	(377,018)	(1,940,128)
Dividends	0	0
Net addition/(reduction) to shareholder's funds	(377,018)	(1,940,128)
Opening shareholder's funds	847,403	2,787,531
Closing shareholder's funds	470,385	847,403
Equity interests	470,385	847,403

10 RELATED PARTY TRANSACTIONS

During the year businesses controlled by the Directors charged fees to the company as follows;

	2002	2001
	£	£
S Williams (Lanhydrock Consulting)	3,188	710