

ST CATHERINE'S BRITISH EMBASSY SCHOOL

(A company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST, 2001**Status and Administration**

St Catherine's British Embassy School was founded in 1956. The School is a non-profit company limited by guarantee, registered number 00860288 and is also a registered charity, number 313909.

Directors

The Directors of the Company ("the School"), who are also the charity trustees and members of the Committee of Management who served since 1 September 2000 through to the date of this report were:

David Gordon-MacLeod (Chairman)

Aimilios Yiannopoulos (Hon. Treasurer) – removed from office 6/6/01

Vivian Asimacopoulos - removed from office 6/6/01

Christopher Gibson - removed from office 6/6/01

John Krzykowski - removed from office 6/6/01

Stephen Martin – resigned 15/2/01

Martin Murphy - removed from office 6/6/01 and re-appointed 8/6/01

Richard Lanny Steinburg - removed from office 6/6/01 and re-appointed 8/6/01

Barbara Terzopoulos - removed from office 6/6/01 and re-appointed 8/6/01

Maurice Jean Dheere - removed from office 6/6/01 and re-appointed 8/6/01 (Hon. Treasurer)

Gordon Alfred Ball – appointed 31/7/01

Colin Ferris – appointed 31/7/01

Athanassios Kokkineas - appointed 31/7/01

Vassadery Krishna Menon - appointed 31/7/01

Denis John Wilson - appointed 31/7/01

The Directors are removed and appointed by the Governors of the School, H.E. The British Ambassador, H.E. The Australian Ambassador and H.E. the Canadian Ambassador.

Professional Advisers & Key Personnel -

School's location: Sophocles Venizelou 73,
Lycovrissi, Athens GR141 23
GREECE

Registered Office: 2 Lambs Passage,
London EC1Y 8BB

Headmaster: Ronald Morton, Bed (Hons) MA

Company Secretary: Mrs Annette Hadjis



Bankers: HSBC Bank
Papadiamanti 3 & Dionissou Streets
Kifissia, Athens GR145 62
GREECE

ASPIS Bank
269 Kifissias Avenue
KIFISSIA, Athens
GREECE

Solicitors: Alexandros Pavlopoulos
4, Vissarionos Street
ATHENS GR106 72
GREECE

Slaughter & May
1 Bunhill Row
LONDON EC1Y 8YY

Auditors: Kypris & Associates Ltd
12, Delos Street
Kifissia, Athens GR145 62
GREECE

Activities

During the 2000/2001 academic year the School was engaged in the education for girls and boys from the age of two and a half up to 15+. With effect from 1 September 2001 the school is extending one more year group, with a strategy to extend further in order to complete a full curriculum up to the age of 18.

Governance

The Directors determine the general policies of the School. The day to day management of the School is delegated to the Headmaster.

Policy

The School is a day school based in Athens, which follows the National Curriculum for England and Wales, with a strategy to also offer the International Baccalaureate Diploma Course for Grades 12 & 13. Classes are conducted in the English language, although Greek language, history and culture lessons also feature prominently in the School's programme.

Review

The School has been successfully implementing its strategy of growth and continuous improvement. Recent occupancy data is summarized as follows:

<u>Academic Year</u>	<u>Approx. no. of pupils</u>
1998/1999	280
1999/2000	340
2000/2001	460
2001/2002	550

Further significant growth in occupancy is expected (estimated to be 640 for the year 2002/2003)

The School's bursary scheme in 2000/2001 supported 27 pupils (in various percentages) of which 18 were staff children.

Financial Results


For the third consecutive year the School produced a surplus. This is set out in the attached income and expenditure account.

Two independent valuations were carried out by local property valuers of the School's land during April/May 1999. Based upon these reports the land has been revalued to GRD 1,900 million and a property revaluation reserve set up.

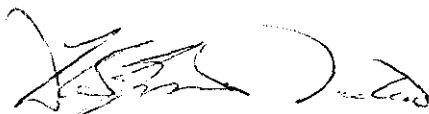
Resources

The School's assets are sufficient to meet its obligations.

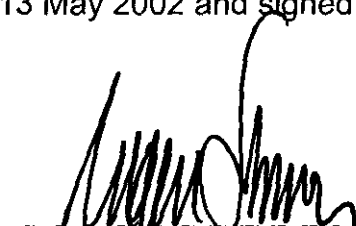
Auditors

 In accordance with ~~Section 385 of the Companies Act 1985~~, a resolution proposing the reappointment of Kypris & Associates Ltd as auditors to the school will be put to the Annual General Meeting.

Approved by the Board of Directors at its meeting on 13 May 2002 and signed on its behalf by:



David Gordon-MacLeod
Chairman



Maurice J Dheere
Hon. Treasurer

ST CATHERINE'S BRITISH EMBASSY SCHOOL

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

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 judgments 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 assume 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 or other irregularities.

Kypris & Associates Ltd.

Certified Auditors, Business & Tax Consultants

12, Delos Street
145 62 Kifissia
Athens, Greece
Tel.: (01) 8084538
Fax: (01) 8086465
Email: Kypco@otenet.gr

REPORT OF THE AUDITORS TO THE MEMBERS OF ST CATHERINE'S BRITISH EMBASSY SCHOOL, ATHENS

We have audited the accounts on pages 6 to 12.

Respective responsibilities of directors and auditors

As described on page 4, the directors, who also act as trustees for the charitable activities of the St. Catherine's British Embassy School, are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on the 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 evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

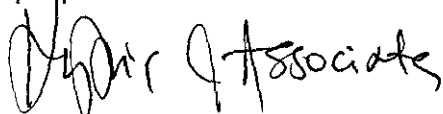
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Fundamental uncertainty

As explained in notes 12(a) and 12(b) there are contingent liabilities regarding the taxation of the company's income prior to May 2000 and the taxation of its real property to-date.

Opinion

In our opinion, subject to the effects of the above, the accounts give a true and fair view of the state of affairs of the charitable company as at 31 August 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kypris & Associates Ltd.
Registered Auditors
10 May, 2002



Kypris & Associates is a member of IA International, with headquarters in Miami Florida, U.S.A. and associated offices in over 70 countries worldwide.

**ST CATHERINE'S BRITISH EMBASSY SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST, 2001**

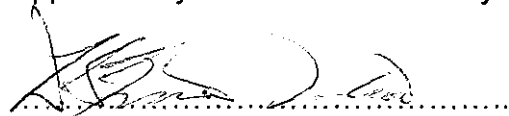
	Notes	<u>2000/2001</u> GRD '000	<u>1999/2000</u> GRD '000
INCOMING RESOURCES			
Fees receivable		977,185	657,565
Trading income	2	12,576	14,415
Other income	3	22,960	10,644
Bank interest		<u>8,745</u>	<u>9,213</u>
Total Incoming Resources		<u>1,021,466</u>	<u>691,837</u>
RESOURCES USED			
Direct Charitable Expenditure:			
Staff costs	4	730,242	479,062
Welfare		66,894	31,864
Premises		109,279	49,465
Support costs		<u>51,287</u>	<u>35,732</u>
		957,702	596,123
Other Expenditure:			
Interest		47,441	8,745
Trading expenditure	2	<u>7,664</u>	<u>10,136</u>
Total Resources Expended		<u>1,012,807</u>	<u>615,004</u>
NET INCOMING RESOURCES		8,659	76,833
Balance brought forward at 1 September 2000		<u>147,252</u>	<u>70,419</u>
Balance carried forward at 31 August 2001		<u>155,911</u>	<u>147,252</u>

The notes on pages 8 to 12 form part of these accounts

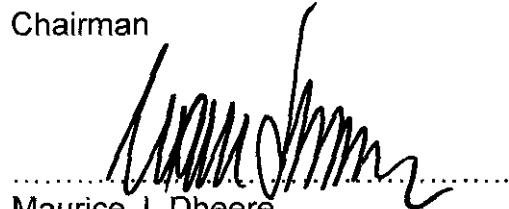
**ST CATHERINE'S BRITISH EMBASSY SCHOOL
BALANCE SHEET AS AT 31 AUGUST, 2001**

	Notes	<u>2000/2001</u> GRD '000	<u>1999/2000</u> GRD '000
FIXED ASSETS			
Tangible fixed assets			
School's land, buildings and equipment	5	2,703,106	2,636,627
CURRENT ASSETS			
Debtors	6	11,492	13,600
Cash and banks		<u>113,135</u>	<u>136,710</u>
		124,627	150,310
CREDITORS: Due within one year	7	<u>110,197</u>	<u>47,443</u>
NET CURRENT ASSETS		<u>14,430</u>	<u>102,867</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,717,536	2,739,494
CREDITORS: due after more than one year			
Loan	8	(522,000)	(580,000)
Provision for retirement indemnities	9	(118,326)	(90,943)
Land revaluation reserve	5	(1,871,297)	(1,871,297)
School reserve		(25,396)	(25,396)
Development reserve		<u>(24,606)</u>	<u>(24,606)</u>
TOTAL NET ASSETS		<u>155,911</u>	<u>147,252</u>
UNRESTRICTED FUNDS	10	<u>155,911</u>	<u>147,252</u>

Approved by the board on 13 May 2002 and signed on its behalf by:



David Gordon-MacLeod
Chairman



Maurice J. Dheere
Hon. Treasurer

1 ACCOUNTING POLICIES

a) Basis of preparation

The accounts have been prepared on a going concern basis and, except for the revaluation of land, under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities.

b) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets in use other than freehold land at rates and bases calculated to write off the cost of the assets over their expected useful lives by the straight-line method. The depreciation rates are 5% for buildings and estate, 10% for furniture and equipment items and 33 1/3% for computers and software.

c) Fees

The School's revenue comprises non-refundable application fees and main school and nursery fees, net of bursaries. Fee income is recognised at the point related bills are issued. Development funds are treated as income in the year they are received.

d) Expenditure

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to time spent. The irrevocable element of V.A.T. is included with the item of expense to which it relates.

e) Pension scheme

During 2000/2001 the School continued to operate a defined contribution scheme in the UK which provided life and retirement benefits to seven of its employees. The scheme is managed by a life assurance company and its assets are held separately for each individual member.

During 2000/2001 three members of staff also continued to be members of the UK State pension scheme for teachers, administered by the Teacher's Pension Agency (TPA), to which both the employee and employer made contributions. The assets of this scheme are also held separately in an independent administered fund.

All other staff are members of the Greek State Social Security and pension arrangements.

f) Foreign currencies

The accounts are expressed in Greek drachmas (GRD). Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Differences on translations are reflected in the income and expenditure statement.

ST CATHERINE'S BRITISH EMBASSY SCHOOL
NOTES TO THE ACCOUNTS AS AT 31 AUGUST, 2001

2 TRADING INCOME AND EXPENDITURE

The company earns income through its swimming pool it operates for a number of months each year. Trading results extracted from its audited accounts are shown below to 31 August 2001:

	<u>2000/2001</u>	<u>1999/2000</u>
	GRD '000	GRD '000
Turnover	12,576	14,415
Cost of sales	<u>7,664</u>	<u>10,136</u>
Net profit	<u>4,912</u>	<u>4,279</u>

3 OTHER INCOME

	<u>2000/2001</u>	<u>1999/2000</u>
	GRD '000	GRD '000
Donations	8,269	1,648
Other School functions	<u>14,691</u>	<u>8,996</u>
	<u>22,960</u>	<u>10,644</u>

4 STAFF COSTS

	<u>2000/2001</u>	<u>1999/2000</u>
	GRD '000	GRD '000
Wages and salaries	519,599	341,147
Social security costs	108,609	66,433
Pension contributions	9,975	8,028
Other costs	<u>92,059</u>	<u>63,454</u>
	<u>730,242</u>	<u>479,062</u>

The average monthly number of full time employees during the year is shown below. In addition the School uses the services of free-lance professional and maintenance personnel, both regularly and for part-time/supply to meet specialist or short term needs.

	<u>2000/2001</u>	<u>1999/2000</u>
Full-time teaching staff	35	32
Part-time teaching staff	11	1
Teaching assistants	10	3
Administration staff	6	4
Caretaker staff	<u>7</u>	<u>4</u>
	<u>69</u>	<u>44</u>

The directors received no remuneration nor reimbursement of expenses during the year.

ST CATHERINE'S BRITISH EMBASSY SCHOOL
NOTES TO THE ACCOUNTS AS AT 31 AUGUST, 2001

5 TANGIBLE FIXED ASSETS
(GRD'000)

	Freehold land	Freehold buildings and estate	Furniture and equipment	Total
Cost or revaluation				
At 1 September 2000	1,900,000	792,313	92,579	2,784,892
Additions	-	113,609	2,215	115,824
At 31 August 2001	<u>1,900,000</u>	<u>905,922</u>	<u>94,794</u>	<u>2,900,716</u>
Depreciation				
At 1 September 2000	-	75,624	62,236	137,860
Charge for the year	-	44,776	14,974	59,750
At 31 August 2001	<u>-</u>	<u>120,400</u>	<u>77,210</u>	<u>197,610</u>
Net Book Value				
At 31 August 2001	1,900,000	785,522	17,584	2,703,106
At 31 August 2000	<u>1,900,000</u>	<u>706,284</u>	<u>30,343</u>	<u>2,636,627</u>

A property revaluation reserve amounting to GRD 1,871 million was created in order to bring the value of the freehold land to GRD 1,900 million. This is considered by the directors as reflecting the land's fair market value, following two independent valuations carried out by local property valuers in April/May 1999.

6 DEBTORS

	<u>2000/2001</u> GRD '000	<u>1999/2000</u> GRD '000
Fees	1,000	840
Other debtors	9,965	10,401
Prepaid expenses	<u>527</u>	<u>2,359</u>
	<u>11,492</u>	<u>13,600</u>

7 CREDITORS: Due within one year

	<u>2000/2001</u> GRD '000	<u>1999/2000</u> GRD '000
Bank loan	58,000	-
Trade creditors	2,582	15,638
Taxes and Social security	23,346	17,042
Accruals	<u>26,269</u>	<u>14,763</u>
	<u>110,197</u>	<u>47,443</u>

ST CATHERINE'S BRITISH EMBASSY SCHOOL
NOTES TO THE ACCOUNTS AS AT 31 AUGUST, 2001

8 LOAN CREDITOR

On 24 March 2000, the company obtained a loan of GRD 580,000,000 from Barclays Bank Plc.-Greece (later renamed to HSBC Bank Plc.). The loan is repayable in 20 equal quarterly installments beginning on 24 March 2002 and ending on 24 December 2006, as follows:

	<u>2000/2001</u>	<u>1999/2000</u>
	<u>GRD '000</u>	<u>GRD '000</u>
Due within two to six years	406,000	522,000
Due within one to two years	116,000	58,000
Due after more than one year	522,000	580,000
Due within one year (note 7)	58,000	-
	<u>580,000</u>	<u>580,000</u>

The bank is secured by a first preferred mortgage on the company's immovable property. In addition the insurance on the company's immovable property has been assigned as collateral for this facility.

The loan bears interest at 2% p.a. above EURIBOR.

9 PROVISION FOR RETIREMENT INDEMNITIES

	<u>2000/2001</u>	<u>1999/2000</u>
	<u>GRD '000</u>	<u>GRD '000</u>
Balance as at 1 st September, 2000	90,943	86,851
Payments during the year	-	-
	90,943	86,851
Additional provision	27,383	4,092
Balance as at 31 st August, 2001	<u>118,326</u>	<u>90,943</u>

The additional provision made each year, is included under other costs in note 4, staff costs.

In accordance with Greek Law, retirement indemnities are provided for employees reaching retirement age at an amount of 40% of the statutory termination indemnity. A commitment to pay the equivalent of the full 100% termination indemnity amount upon retirement of local indefinite contract staff employed before September 1989 has been recognised by the Committee of Management.

~~Staff employed on fixed term local and expatriate contracts have expressly waived any entitlement to the statutory termination indemnity.~~

The maximum termination indemnity liability had all employees departed on 31st August 2001, regardless of status or contract terms, amounted to GRD 188,167,966. No actuarial valuation of this liability has been made.

10 UNRESTRICTED FUNDS

The company funds are held to finance the freehold property and to cover normal fluctuations in working capital.

11 CONTRACTS AND COMMITMENTS

No capital expenditure has been contracted for in 2000/2001. The directors have agreed in principle to purchase a plot of land for a sports ground, and build an extension to the company. The estimated cost of this purchase is GRD 900 million.

12 CONTINGENT LIABILITIES

- a. During May 2000 the status of the company in relation to Greek income tax, VAT and the Greek books and records code («GBRC») was clarified with the tax authorities and the company was granted a Greek tax registration number, confirming its non-taxable income tax status and its V.A.T. and GBRC status.

However, according to Greek law, the tax obligations of the company are considered as final only when it has undergone a tax audit by the taxation authorities. As the company has never been audited by the taxation authorities, its liability for taxes, fines, duties and any other dues or actions that may be levied or taken against it by the said authorities, if any, up to May 2000, is uncertain.

Given the clarification of the company's income tax status described above, the directors believe that such contingent tax liabilities are remote.

- b. Greek Law provides for a Real Property Ownership tax ("RPO"). Such tax, if applicable, is payable at a rate of 0.35% on the part of the non-exempt real property that exceeds GRD 207,000,000 in value. For the purpose of calculating the tax, the tax authorities determine the value of the land by reference to special valuation tables applicable to land and buildings in the area where the property is situated, less any bank loans obtained which are secured by a mortgage. The valuation based upon the special tax tables is not necessarily reflective of its market value. The amount of RPO tax which may be assessed on the company, based on the valuation tables is small. However, the directors believe that in view of the company's special status, there is no risk of such tax crystallising.