

86022

ST. CATHERINE'S BRITISH EMBASSY SCHOOL

ANNUAL REPORT AS AT 31st AUGUST 2003



LD2
COMPANIES HOUSE

LFZ14411

0122
17/06/04

ST. CATHERINE'S BRITISH EMBASSY SCHOOL
ANNUAL REPORT AS AT 31st AUGUST 2003



ST CATHERINE'S BRITISH EMBASSY SCHOOL
(A company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST, 2003

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 Board of Governors who served since 1 September 2002 through to the date of this report were:

Vassadery Krishna Menon	(resigned 6/5/2003)
Rodney Bray Croker	(resigned 25/5/2003)
Colin Ferris	(resigned 4/6/2003)
Barbara Terzopoulos	(resigned 4/6/2003)
David Gordon-MacLeod	(Chairman) (resigned 24/7/03)
Gordon Alfred Ball –	(deceased 11/10/2002)
Maurice Jean Dheere -	(Hon. Treasurer)
Martin Murphy	
Athanassios Kokkineas	
John Acton	
Anne Kokotos	
Daphne Elizabeth Reece	
Mark Johnson -	appointed 12/2/2003
Evita Arapoglou	appointed 30/06/2003
Denis Dowling	appointed 30/06/2003
Christopher Hobbs -	(Chairman) appointed 19/08/2003)
George Cambanis	appointed 29/09/2003
Andrew Noble	appointed 29/09/2003

The Directors are removed and appointed by the Guardians of the School, who are the current British, Australian and Canadian Ambassadors, in Greece, in accordance with the new Memorandum and Articles of Association which were adopted by a Special Written Resolution passed on 10th June 2002.

Professional Advisers & Key Personnel -

School's location:	Sophocles Venizelou 73, Lycovrissi, Athens GR141 23 GREECE
Registered Office:	2 Lambs Passage, London EC1Y 8BB ENGLAND
Bankers:	ASPIS Bank 269 Kifissias Avenue KIFISSIA, Athens GREECE
Solicitors:	Slaughter & May 1 Bunhill Row LONDON EC1Y 8YY ENGLAND
	Pantazis-Kanellopoulos & Partners 268 Kifissias Avenue ATHENS 145 63 GREECE



Headmaster: Ronald Morton, BEd (Hons) MA

Company Secretary: Mrs Annette Hadjis

Auditors: Ernst & Young (Hellas)
Certified Auditors – Accountants S.A.
11th klm. National Road Athens – Lamia
GR144 51 Metamorphosi
Athens, Greece

Ernst & Young LLP
Becket House
1, Lambeth Palace Road
London SE1 7EU, England

Activities

During the 2002/2003 academic year the School was engaged in the education for girls and boys from the age of two and a half up to 18. On 1 September 2002 the school extended one more year group (Year 12) and commenced the International Baccalaureate Diploma Course, with a strategy to extend further the following year in order to complete a full curriculum up to the age of 18. (In September 2004 the school's first cohort of students enter universities overseas).

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, Greece which follows the National Curriculum for England and Wales, the International General Certificate of Secondary Education (Years 10 and 11) and the International Baccalaureate Diploma Course for Grades 12 & 13. (Grade 12 opened in September 2002 and Grade 13 opened in September 2003). 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
2002/2003	640
2003/2004	690

Further growth in occupancy is expected (estimated to be 710 for the year 2004/2005).

The School's bursary scheme in 2002/2003 supported 45 pupils (in various percentages) of which 32 were staff children.

**Financial Results**

For the third consecutive year the School produced a surplus (€ 93 thousand). This is set out in the attached income and expenditure account.

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 Ernst & Young LLP as auditors to the school will be put to the Annual General Meeting.

°°°0000°°°°

Approved by the Board of Directors at its meeting on 2nd June 2004 and signed on its behalf by:

Christopher Hobbs
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
- Check 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST. CATHERINE'S
EMBASSY SCHOOL**

We have audited the School's financial statements for the year ended 31 August 2003, which comprise the Statement of Financial Activities, Balance Sheet and related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the School members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the School's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the School's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the School'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 School 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 School is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

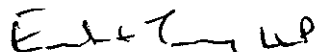
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the uncertainty over the possible outcome of a future tax examination on the School's accounts. Should a tax examination result in an assessment to taxation, adjustments would have to be made to net assets to reflect any additional liability. Details of the circumstance relating to the fundamental uncertainty are described in note 10 to the financial statements. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the as at 31 August 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

2 June 2004

ST. CATHERINE'S BRITISH EMBASSY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st AUGUST 2003

	Notes	2002-2003 € '000	2001-2002 € '000
<u>INCOMING RESOURCES</u>			
Fees Receivable		4.309	3.552
Other Income		101	95
Bank Interest		1	10
Total Incoming Resources		4.411	3.657
<u>RESOURCES USED</u>			
Direct Charitable Expenditure:			
Staff Costs	2	3.266	2.675
Educational Consumables		215	238
Maintenance & Utilities		175	157
General Administration Expenses		247	198
		3.903	3.268
Other Expenditure:			
Interest		167	108
Depreciation		233	169
Bad Debts		15	
Total Resources Used		4.318	3.545
<u>NET INCOMING RESOURCES</u>			
		93	112
Balance brought forward at 1st September 2002		570	458
Balance carried forward at 31st August 2003		663	570

C. Hobbs
[Signature]

7 JULY 2004

ST. CATHERINE'S BRITISH EMBASSY SCHOOL

BALANCE SHEET AS AT 31st August 2003

		2002-2003	2001-2002
	Notes	€ '000	€ '000
FIXED ASSETS			
Tangible Fixed assets			
School's land, buildings and equipment	3	8.585	8.471
CURRENT ASSETS			
Debtors	4	164	95
Cash and Banks		345	382
		509	477
CURRENT LIABILITIES			
Creditors due within 1 year	5	-825	-948
NET CURRENT ASSETS		-316	-471
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		8.269	8.000
LONG TERM LIABILITIES			
Bank Loans	6	-1.511	-1.362
Retirement Benefits	7	-456	-429
		-1.967	-1.791
<u>TOTAL NET ASSETS</u>		6.302	6.209
RESTRICTED FUNDS			
Land Revaluation Reserve		5.492	5.492
School Reserve		75	75
Development Reserve		72	72
		5.639	5.639
<u>UNRESTRICTED FUNDS</u>		663	570
<u>TOTAL FUNDS</u>		6.302	6.209

[Signature]

[Signature]

ST CATHERINE'S BRITISH EMBASSY SCHOOL

Notes to the Accounts as at 31st August 2003

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 and Reporting 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 and other discounts. Fee income is recognized at the point related bills are issued. Development funds are treated as income in the year they are received.

d) Expenditure

Expenditure, inclusive of irrevocable V.A.T. is reflected in the accompanying accounts by nature.

e) Pension scheme

During 2002/2003, the School continued to operate a defined contribution scheme in the UK, which provides life and retirement benefits to certain of its employees. The scheme is managed by a life assurance company and its assets are held separately for each individual member.

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

f) Foreign currencies

The accounts are expressed in Euros. 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 31st August 2003

g) Presentation changes

Certain reclassifications have been made to the presentation of the 2001/2002 accounts to conform with those of 2002/2003.

2. STAFF COSTS:

	2002-2003 € ' 000	2001-2002 € ' 000
Wages & salaries	2,446	1,892
Social security costs	514	404
Pension contributions	94	60
Other costs	212	319
	<u>3,266</u>	<u>2,675</u>

The average monthly number of full time employees during the year is shown below. In addition the school uses the services of part-time employed personnel, in order to cover short-term needs.

	2002-2003 € ' 000	2001-2002 € ' 000
Full-time teaching staff	48	41
Part-time teaching staff	11	11
Teaching assistants	10	10
Administration staff	10	6
Caretaker staff	11	7
Management	9	8
	<u>99</u>	<u>83</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 31st August 2003

3. TANGIBLE FIXED ASSETS:

	<u>Freehold Land</u>	<u>Freehold Buildings</u>	<u>Furniture & Equipment (€'000)</u>	<u>Improve- ments</u>	<u>TOTAL</u>
<u>Cost or revaluation:</u>					
At 1st September 2002	5,576	3,157	359	129	9,221
Additions	0	185	97	65	347
At 31st August 2003	5,576	3,341	456	194	9,567
<u>Depreciation:</u>					
At 1st September 2002	0	485	264	0	749
Charge for the year	0	160	34	39	233
At 31st August 2003	0	645	298	39	982
<u>Net book value:</u>					
At 31st August 2003	<u>5,576</u>	<u>2,696</u>	<u>158</u>	<u>155</u>	<u>8,585</u>
At 31st August 2002	<u>5,576</u>	<u>2,672</u>	<u>94</u>	<u>129</u>	<u>8,471</u>

4. DEBTORS:

	<u>2002-2003 € ' 000</u>	<u>2001-2002 € ' 000</u>
Fees	6	28
Guarantees	31	31
Other Debtors	34	36
Prepaid expenses	93	0
	<u>164</u>	<u>95</u>

The amount of prepaid expenses of € 93 refers to the purchases of books - educational material in August 2003 which are going to be used during next school year.

5. CREDITORS: Due within one year:

	<u>2002-2003 € ' 000</u>	<u>2001-2002 € ' 000</u>
Current portion of long-term loan	189	170
Short-term loan	300	300
Trade Creditors	117	154
Other trade payables	19	190
Sundry creditors	39	26
Taxes & social security	134	86
Accruals	27	22
	<u>825</u>	<u>948</u>

The School obtained a revolving credit facility to the value of € 300 thousand from Aspis Bank (first obtained on 12th August 2002). The facility is renewable every three months.

ST CATHERINE'S BRITISH EMBASSY SCHOOL

Notes to the Accounts as at 31st August 2003

The bank is secured by a first preferred mortgage on the School's immovable property for the value of € 375 thousand. The loan bears interest at EURIBOR plus 2,85%.

6. BANK LOANS

Bank Loans are analysed as follows:

	2002-2003 € ' 000	2001-2002 € ' 000
Due within two to six years	1,133	1,021
Due within one to two years	378	341
Due after more than one year	1,511	1,362
Due within one year (note 5)	189	170
	<u>1,700</u>	<u>1,532</u>

In the current year, a new loan facility of Euro 1,700 was obtained from Aspis Bank, out of which Euro 1,532 was used to repay the loan granted by HSBC.

The HSBC loan refers to the loan obtained on 24th March 2000, of approximately Euro 1,700 from Barclays Bank Plc.-Greece (later renamed to HSBC Bank Plc.). This loan was repayable in 20 equal quarterly instalments beginning on 24th March 2002 and ending on 24th December 2006.

The current Bank Loan from Aspis Bank is repayable in 36 equal quarterly instalments, which started on December 11, 2003. The interest rate applicable to the loan is variable and at year end was approximately 7,5% per annum.

The bank is secured by a first preferred mortgage on the School's immovable property, for the value of € 2.125 million. In addition the insurance on the School's immovable property has been assigned as collateral for this facility.

7. PROVISION FOR RETIREMENT INDEMNITIES

	2002-2003 € ' 000	2001-2002 € ' 000
Balance as at 1st September 2002	429	347
Payments during the year	(7)	(53)
Additional provision	34	135
Balance as at 31st August 2003	<u>456</u>	<u>429</u>

The additional provision made each year is included under staff costs (see note 3).

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement, with the amount of payment varying in relation to the employee's compensation, length of service and manner (dismissed or retired) of termination, which if due to retirement is 40% of the amount payable upon dismissal. Employees who resign or are dismissed with cause are not entitled to termination payments. The number of

ST CATHERINE'S BRITISH EMBASSY SCHOOL

Notes to the Accounts as at 31st August 2003

employees who will eventually be dismissed or retired in subsequent years is not known; the maximum liability under the provisions of Greek labor law, if all employees had been dismissed at 31st August 2003, would have been approximately Euro 753. 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. No actuarial valuation of this liability has been made.

8. UNRESTRICTED FUNDS

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

9. CONTRACTS AND COMMITMENTS

No capital expenditure has been contracted for in 2002/2003.

10. CONTINGENT LIABILITIES

During May 2000, the School's tax status was clarified with the tax authorities and the School was granted a Greek tax registration number. According to Greek tax legislation, tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. As the School has never been audited by the tax authorities since inception, its liability for taxes, fines, duties and any other dues or actions that may be levied or taken against it by the said authorities is not considered finalized.

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