

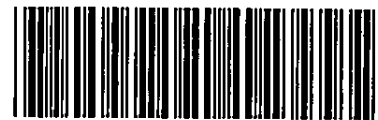
Registered number 00910010

# **ACS INTERNATIONAL SCHOOLS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2012**

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**ACS INTERNATIONAL SCHOOLS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	D T Thomas R C Freer R P Gossain K L Harvey J Magee Dr J Rutherford P A White
<b>COMPANY SECRETARY</b>	S Ratcliffe
<b>COMPANY NUMBER</b>	00910010
<b>REGISTERED OFFICE</b>	Heywood Portsmouth Road Cobham Surrey KT11 1BL
<b>AUDITOR</b>	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

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**ACS INTERNATIONAL SCHOOLS LIMITED**

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## ACS INTERNATIONAL SCHOOLS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2012

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The directors present their report and the financial statements for the year ended 31 July 2012

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

#### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of the operation of educational establishments.

#### BUSINESS REVIEW

The results for the year and the financial position at the year end were considered satisfactory by the directors in light of the difficult economic circumstances prevailing across UK and global markets.

The company continues to invest in providing first class educational establishments.

The year has been another year of great success for our students, staff and wider community. The main highlights are as follows:

1. Enrolment increased during the 2011/12 academic year, peaking at 2,671 students (2010/11 2,603 students).
2. Operating profit after taxation was £15,124,605 (2011 £3,826,721 as restated).
3. Re-investment in the Schools has continued. Capital investment projects of note include (figures shown in brackets are in year spend):
  - a. Completion of new gymnasium - ACS Egham (£5.3m)
  - b. Commencement of a new Performing Arts Centre – ACS Cobham (£2.1m)
  - c. School equipment, campus improvements, IT Whiteboards & Networks - all three campuses (£2.6m)

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## ACS INTERNATIONAL SCHOOLS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2012

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4 The International Baccalaureate diploma average points score for students attending ACS International Schools in July 2012 was 34 compared with a worldwide benchmark of 29.5 and the ACS IB pass rate of 94% compared with the worldwide benchmark of 77.9%

5 ACS Cobham and ACS Hillingdon were visited by the schools' accreditation body, NEASC – both visits commended the schools on the quality of educational provision

6 ISI inspections were also carried out at all 3 schools during the year, with the qualities of the schools being given a mix of good, excellent and outstanding ratings

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £15,124,605 (2011 - £3,826,721 as restated)

The directors do not recommend payment of a dividend

### DIRECTORS

The directors who served during the year were

D T Thomas  
R C Freer  
R P Gossain  
K L Harvey  
J Magee  
Dr J Rutherford  
P A White

### CHARITABLE DONATIONS

During the year the company made charitable donations of £250,000 (2011 £220,000) to the ACS International Schools Foundation

### PRINCIPAL RISKS AND UNCERTAINTIES

The uncertainty of the current economic climate remains an ongoing risk for ACS as the impact on student enrolment continues to be difficult to predict. Enrolment numbers are stronger in High and Middle Schools where company and parental commitment to funding fees is greater than Early Childhood and Lower School. To mitigate the risk, ACS has reviewed its marketing strategy to focus on those areas where the greatest opportunities exist or are most likely to be responsive to marketing activity. This includes ensuring that companies and parents understand the value of international education in assignment success for relocating families. The strategy of targeting local families continues and they now represent the second largest nationality group.

The company continues to exercise careful management of its financial position, mitigating its financial risks and providing a sound base for the schools' future development.

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## ACS INTERNATIONAL SCHOOLS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2012

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#### GOING CONCERN

The company has cash resources and has no requirement for external funding. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

#### COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company's current policy concerning the payment of trade creditors is to pay in accordance with the company's contractual and other legal obligations.

#### EMPLOYEE INVOLVEMENT

The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

#### EQUAL OPPORTUNITIES

The company is an equal opportunities employer. The company is committed to the fair treatment of all employees, potential employees or users of our services, regardless of race, gender, religion, sexual orientation, responsibilities for dependants, age, physical/mental disability or offending background.

#### PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

#### AUDITOR

The auditor, Crowe Clark Whitehill LLP, Chartered Accountants, was appointed during the year and has indicated its willingness to continue in office.

This report was approved by the board on 16<sup>th</sup> April 2013 and signed on its behalf



**S Ratcliffe**  
Secretary

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## **ACS INTERNATIONAL SCHOOLS LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACS INTERNATIONAL SCHOOLS LIMITED**

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We have audited the financial statements of ACS International Schools Limited for the year ended 31 July 2012, set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**ACS INTERNATIONAL SCHOOLS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACS INTERNATIONAL SCHOOLS LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Tina Allison (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

Date

23 April 2013



**ACS INTERNATIONAL SCHOOLS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2012**

	Note	2012 £	<i>As restated</i> 2011 £
<b>TURNOVER</b>	1,2	<b>52,110,181</b>	<b>48,233,933</b>
Cost of sales		<b>(34,203,834)</b>	<b>(31,459,768)</b>
<b>GROSS PROFIT</b>		<b>17,906,347</b>	<b>16,774,165</b>
Administrative expenses		<b>(11,814,519)</b>	<b>(11,606,073)</b>
Other operating income	3	<b>445,624</b>	<b>410,557</b>
<b>OPERATING PROFIT</b>	4	<b>6,537,452</b>	<b>5,578,649</b>
<b>EXCEPTIONAL ITEMS</b>			
Other exceptional items	10	<b>10,000,000</b>	<b>-</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>16,537,452</b>	<b>5,578,649</b>
Investment income	8	<b>229,998</b>	<b>207,949</b>
Interest payable and similar charges	9	<b>(20,294)</b>	<b>(221,677)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>16,747,156</b>	<b>5,564,921</b>
Tax on profit on ordinary activities	11	<b>(1,622,551)</b>	<b>(1,738,200)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	19	<b>15,124,605</b>	<b>3,826,721</b>

All amounts relate to continuing operations

The notes on pages 9 to 21 form part of these financial statements

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ACS INTERNATIONAL SCHOOLS LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2012

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	Note	2012 £	As restated 2011 £
PROFIT FOR THE FINANCIAL YEAR		<u>15,124,605</u>	<u>3,826,721</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		15,124,605	<u><u>3,826,721</u></u>
Prior year adjustment	20	<u>363,061</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		<u><u>15,487,666</u></u>	

The notes on pages 9 to 21 form part of these financial statements

**ACS INTERNATIONAL SCHOOLS LIMITED**  
**REGISTERED NUMBER 00910010**

**BALANCE SHEET**  
**AS AT 31 JULY 2012**

	Note	£	2012 £	As restated 2011 £	£
<b>FIXED ASSETS</b>					
Tangible assets	12		58,099,647		51,436,808
Investments	13		1,002		1,002
			<u>58,100,649</u>		<u>51,437,810</u>
<b>CURRENT ASSETS</b>					
Debtors amounts falling due after more than one year	14	5,050,000		5,050,000	
Debtors amounts falling due within one year	14	8,787,419		8,384,307	
Cash at bank and in hand		24,594,985		24,643,942	
		<u>38,432,404</u>		<u>38,078,249</u>	
<b>CREDITORS</b> amounts falling due within one year	15	(35,163,281)		(42,925,207)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>3,269,123</u>		<u>(4,846,958)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>61,369,772</u>		<u>46,590,852</u>
<b>CREDITORS</b> amounts falling due after more than one year	16		(154,562)		(620,120)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	17		(2,355,351)		(2,646,228)
<b>NET ASSETS</b>			<u>58,859,859</u>		<u>43,324,504</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		500,000		500,000
Debentures	19		10,072,750		9,662,000
Profit and loss account	19		48,287,109		33,162,504
<b>SHAREHOLDERS' FUNDS</b>	21		<u>58,859,859</u>		<u>43,324,504</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
16<sup>th</sup> April 2013.



**D T Thomas**  
Director

The notes on pages 9 to 21 form part of these financial statements

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## ACS INTERNATIONAL SCHOOLS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are stated at revalued amounts and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation with the exception of freehold land and buildings which are carried at open market value and revalued every five years by professionally qualified surveyors. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	Straight line over 10, 25 or 50 years
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	15-33% straight line

Assets in the course of construction are capitalised at cost but are not depreciated until they become available for use.

##### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### 1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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## ACS INTERNATIONAL SCHOOLS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

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#### 1 ACCOUNTING POLICIES (continued)

##### 1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets

##### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

##### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### 1.11 Fees in advance

Fees in advance represent the following year's tuition, extras and bussing fees invoiced in the current year

##### 1.12 Management of liquid resources

Liquid resources are defined as cash, cash held at bank and treasury deposits

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**ACS INTERNATIONAL SCHOOLS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

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**2 TURNOVER**

The whole of the turnover is attributable to the principal activity

All turnover arose within the United Kingdom

**3. OTHER OPERATING INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other operating income	<b>445,624</b>	<b>410,557</b>

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets		
- owned by the company	<b>2,152,264</b>	<b>2,140,215</b>
- held under finance leases	<b>385,350</b>	<b>446,279</b>
Operating lease rentals		
- other assets	<b>87,000</b>	<b>27,774</b>
- land and buildings	<b>705,977</b>	<b>592,659</b>
Loss/(profit) on foreign exchange	<b>(32,593)</b>	<b>14,853</b>
Profit on disposal of tangible assets	<b>(22,395)</b>	<b>(952)</b>

**5. AUDITORS' REMUNERATION**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates in respect of		
Statutory audit	<b>25,301</b>	<b>21,000</b>
Tax compliance and advisory services	<b>6,000</b>	<b>6,950</b>

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ACS INTERNATIONAL SCHOOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012

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6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	23,205,019	22,678,848
Social security costs	2,656,814	2,488,894
Other pension costs	518,012	509,117
	<u>26,379,845</u>	<u>25,676,859</u>

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

	2012 No	2011 No
Executive directors	2	2
Teaching staff	374	362
Substitute employees	82	74
Educational support	287	279
	<u>745</u>	<u>717</u>

7 DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>460,851</u>	<u>425,246</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £183,637 (2011 - £170,800)

8. INVESTMENT INCOME

	2012 £	2011 £
Bank interest	<u>229,998</u>	<u>207,949</u>

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ACS INTERNATIONAL SCHOOLS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012

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9 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
On other loans	20,294	21,677
On loans from group undertakings	-	200,000
	<u>20,294</u>	<u>221,677</u>

10 EXCEPTIONAL ITEMS

	2012 £	2011 £
Loan from group undertakings written off	<u>10,000,000</u>	<u>-</u>

During the year the loan of £10,000,000 due to The American Community School Holdings Limited was written off



ACS INTERNATIONAL SCHOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012

11 TAXATION

	2012 £	As restated 2011 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	1,931,372	1,686,133
Adjustments in respect of prior periods	(17,944)	4,211
<b>Total current tax</b>	<b>1,913,428</b>	<b>1,690,344</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	14,457	147,360
Effect of change in tax rate on opening liability	(305,334)	(199,952)
Adjustment for prior years	-	100,448
<b>Total deferred tax</b> (see note 17)	<b>(290,877)</b>	<b>47,856</b>
<b>Tax on profit on ordinary activities</b>	<b>1,622,551</b>	<b>1,738,200</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2011 - *higher than*) the standard rate of corporation tax in the UK of 25 33% (2011 - 26%) The differences are explained below

	2012 £	As restated 2011 £
Profit on ordinary activities before tax	16,747,156	5,564,921
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 33% (2011 - 26%)	4,242,613	1,446,879
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,356	18,474
Depreciation in excess of capital allowances	-	122,128
Capital allowances in excess of depreciation	(10,612)	-
Fixed asset differences	65,643	-
Adjustments to tax charge in respect of prior periods	(17,944)	4,211
Change in effective tax rate	-	78,519
Income not taxable for tax purposes	(2,533,333)	-
Adjustments to brought forward values	91,976	-
Other differences leading to an increase (decrease) in the tax charge	811	612
Group relief	(34,994)	(11,506)
Transfer pricing adjustments	80,912	31,027
<b>Current tax charge for the year</b> (see note above)	<b>1,913,428</b>	<b>1,690,344</b>

**ACS INTERNATIONAL SCHOOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

**12 TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 August 2011	51,339,331	373,382	21,340,581	73,053,294
Additions	7,197,700	57,525	1,945,228	9,200,453
Disposals	-	(41,748)	-	(41,748)
At 31 July 2012	58,537,031	389,159	23,285,809	82,211,999
<b>Depreciation</b>				
At 1 August 2011	2,725,192	321,460	18,569,834	21,616,486
Charge for the year	1,003,830	34,195	1,499,589	2,537,614
On disposals	-	(41,748)	-	(41,748)
At 31 July 2012	3,729,022	313,907	20,069,423	24,112,352
<b>Net book value</b>				
At 31 July 2012	54,808,009	75,252	3,216,386	58,099,647
At 31 July 2011	48,614,139	51,922	2,770,747	51,436,808

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows

	2012 £	2011 £
Fixtures, fittings and equipment	614,357	421,599

All properties were revalued on 31 July 2008 by Gerald Eve, Chartered Surveyors, on the basis of open market value for current use at £46,136,000. The valuation was incorporated in the financial statements for the year ended 31 July 2008.

Included in land and buildings is freehold land valued at £8,878,000 which is not depreciated.

Land and buildings additions include £7,234,706 (2011 £850,616) in respect of assets under the course of construction.

The historic cost of assets included at valuation at the balance sheet date is £74,838,077 (2011 £67,347,828). Included in the historical cost is property valued professionally in 1981 at £2,850,000, including land not depreciated of £935,000. At the balance sheet date there was no material difference between the historical cost depreciation and the actual depreciation charged in the accounts.

**ACS INTERNATIONAL SCHOOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

**13 FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 August 2011 and 31 July 2012	1,002
<b>Net book value</b>	
At 31 July 2012	1,002
At 31 July 2011	1,002

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
AC School Properties Limited	Ordinary	100%
ACS International Schools Overseas Holdings Limited	Ordinary	100%
ACS International School Doha LLC *	Ordinary	49%

\* ACS International School Doha LLC is a subsidiary undertaking by virtue of the fact that ACS International Schools Limited has a participating interest, via its subsidiary ACS International Schools Overseas Holdings Limited, in the undertaking and actually exercises a dominant influence over it

**14. DEBTORS**

	2012 £	2011 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	5,050,000	5,050,000
<b>Due within one year</b>		
Trade debtors	3,113,926	4,656,876
Amounts owed by group undertakings	4,242,031	2,290,632
Other debtors	503,133	356,606
Prepayments and accrued income	928,329	1,080,193
	8,787,419	8,384,307

**ACS INTERNATIONAL SCHOOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

**15. CREDITORS:**  
**Amounts falling due within one year**

	2012 £	As restated 2011 £
Debentures (3rd issue)	168,750	170,500
Other loans (see note 16)	500,000	400,000
Net obligations under finance leases	362,526	212,598
Trade creditors	2,545,380	979,153
Amounts owed to group undertakings	-	10,000,000
Corporation tax	1,018,878	758,986
Social security and other taxes	708,050	687,801
Other creditors	677,473	2,016,334
Accruals and deferred income	29,182,224	27,699,835
	<u>35,163,281</u>	<u>42,925,207</u>

**16 CREDITORS.**  
**Amounts falling due after more than one year**

	2012 £	2011 £
Other loans	-	500,000
Net obligations under finance leases and hire purchase contracts	154,562	120,120
	<u>154,562</u>	<u>620,120</u>

Included within the above are amounts falling due as follows

	2012 £	2011 £
<b>Between one and two years</b>		
Other loans	-	500,000

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012 £	2011 £
<b>Between one and five years</b>	<u>154,562</u>	<u>120,120</u>

Other loans represent an amount owed to Mr G E Speed of £500,000 (2011 £900,000) The loan due to Mr G E Speed is repayable in annual installments of £500,000

**ACS INTERNATIONAL SCHOOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

**17 DEFERRED TAXATION**

	2012 £	2011 £
At beginning of year	2,646,228	2,598,372
(Released during)/charge for year	(290,877)	47,856
At end of year	<u>2,355,351</u>	<u>2,646,228</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	2,365,611	2,656,994
Other timing differences	(10,260)	(10,766)
	<u>2,355,351</u>	<u>2,646,228</u>

During the year, as a result of the change in the UK main corporation tax rate from 26% to 24%, the relevant deferred tax balances have been re-measured

UK corporation tax rate reductions which are to be enacted separately each year, will reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements

**18 SHARE CAPITAL**

	2012 £	2011 £
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**ACS INTERNATIONAL SCHOOLS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

**19. RESERVES**

	Debentures (5th series) £	Profit and loss account £
At 1 August 2011 (as previously stated)	9,662,000	32,799,443
Prior year adjustment (note 20)		363,061
At 1 August 2011 (as restated)		<u>33,162,504</u>
Profit for the year		15,124,605
Issued in the year	410,750	
At 31 July 2012	<u>10,072,750</u>	<u>48,287,109</u>

The directors' consider that the nature and terms of the fifth issue debentures more accurately reflect equity and therefore they were reclassified from long term creditors to equity within the balance sheet in the year ended 31 July 2011

During the year ACS International Schools Limited issued 1,643 (2011 1,647) fifth issue debentures of £250 each

The fifth issue debentures are unsecured, non interest bearing and repayable only by the company giving debenture holders not less than one month's notice of its intention to repay the principal sum or on a winding up. As at 31 July 2012 this issue comprised 40,291 debentures of £250 each (2011 38,648 debentures of £250 each)

**20. PRIOR YEAR ADJUSTMENT**

Previously income and expenditure relating to school trips and from other activities undertaken by students were not recognised within the profit and loss account. That treatment has now been corrected by means of a prior year adjustment such that the income is shown within turnover and the expenditure within cost of sales. The impact on the previously reported results and reserves is as follows

	£	£
Accumulated surplus on trips and activities at 1 August 2010		349,707
Trips and activities income now recognised for 2010/11	783,385	
Trips and activities expenditure now recognised for 2010/11	<u>(770,031)</u>	
		<u>13,354</u>
		363,061
Profit and loss reserves as previously reported at 31 July 2011		32,799,443
Profit and loss reserves at 31 July 2011 as restated		<u>33,162,504</u>

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**ACS INTERNATIONAL SCHOOLS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2012**

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**21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2012</b>	<i>As restated</i>
	<b>£</b>	<i>2011</i>
		<i>£</i>
Opening shareholders' funds	<b>42,961,443</b>	29,835,783
Prior year adjustments (note 20)	<b>363,061</b>	
	<hr/>	
Opening shareholders' funds (as restated)	<b>43,324,504</b>	
Profit for the year	<b>15,124,605</b>	3,826,721
Reclassification of debentures (note 19)	-	9,250,250
Debentures issued in the year	<b>410,750</b>	411,750
	<hr/>	<hr/>
Closing shareholders' funds	<b>58,859,859</b>	43,324,504
	<hr/>	<hr/>

**22. CAPITAL COMMITMENTS**

At 31 July 2012 the company had capital commitments as follows

	<b>2012</b>	<i>2011</i>
	<b>£</b>	<i>£</i>
Contracted for but not provided in these financial statements	<b>9,088,866</b>	424,620
	<hr/>	<hr/>

**23 PENSION COMMITMENTS**

The company contributes to a number of money purchase contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions of £44,608 (2011 £43,890) are outstanding at the balance sheet date.

	<b>2012</b>	<i>2011</i>
	<b>£</b>	<i>£</i>
Contributions payable by the company for the year	<b>518,012</b>	509,117
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## ACS INTERNATIONAL SCHOOLS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

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#### 24 OPERATING LEASE COMMITMENTS

At 31 July 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
<b>Expiry date</b>				
Within 1 year	52,447	-	20,150	16,182
Between 2 and 5 years	40,535	153,461	43,810	63,268
After more than 5 years	336,975	395,310	-	-

#### 25 RELATED PARTY TRANSACTIONS

The company made donations of £250,000 (2011 £220,000) to the ACS International Schools Foundation during the year

The company has taken advantage of the exemptions provided by Financial Reporting Standard 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group

#### 26 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is The American Community School Holdings Limited a company registered in England and Wales

The ultimate parent company is American Community Schools Group Limited, a company registered in England and Wales

The ultimate controlling party is the trustees of the estate of Mr E J Poularas