

The American Community School Limited

FINANCIAL STATEMENTS

for the year ended

31 July 2002



Company Registration No. 00910010

The American Community School Limited

DIRECTORS AND OFFICERS

DIRECTORS

E J Poularas
G E Speed
G Waud
B G Murphy
R P Gossain

SECRETARY

P C Abbott

COMPANY NUMBER

00910010 (England and Wales)

REGISTERED OFFICE

Heywood
Portsmouth Road
Cobham
Surrey
KT11 1BL

AUDITORS

Baker Tilly
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

The American Community School Limited

DIRECTORS' REPORT

The directors present their report and financial statements of The American Community School Limited for the year ended 31 July 2002.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The adoption of Financial Reporting Standard 19 - Deferred Taxation has required a prior year adjustment of £734,700 to be recognised.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £3,182,276.

The directors do not recommend payment of an ordinary dividend.

DIRECTORS

The following directors have held office since 1 August 2001:

E J Poularas

G E Speed

G Waud

B G Murphy

M J Halsey

R P Gossain

(Resigned 31 July 2002)

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of £ 1 each</i>	
	31.7.02	1.8.01
E J Poularas	-	-
G E Speed	-	-
G Waud	-	-
B G Murphy	-	-
M J Halsey	-	-
R P Gossain	-	-

E J Poularas and G E Speed each own 50% of The American Community School Holdings Limited the company which owns 100% of the issued share capital of The American Community School Limited.

The American Community School Limited

DIRECTORS' REPORT (CONTINUED)

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 of 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 group's performance.

DISABLED PERSONS

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

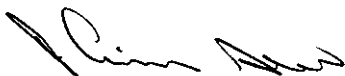
CREDITOR PAYMENT POLICY

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.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

By order of the board



P C Abbott
Secretary

30 October 2002

The American Community School Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE AMERICAN COMMUNITY SCHOOL LIMITED

We have audited the financial statements on pages 6 to 21.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

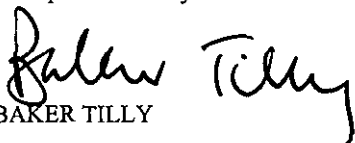
Basis of opinion

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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

30 October 2002

The American Community School Limited
 PROFIT AND LOSS ACCOUNT
 for the year ended 31 July 2002

	Notes	2002 £	2001 as restated £
TURNOVER	1	29,002,356	26,641,013
Cost of sales		16,989,177	14,988,058
Gross profit		12,013,179	11,652,955
Other operating expenses (net)	2	6,853,751	6,091,913
OPERATING PROFIT		5,159,428	5,561,042
Investment income	3	202,258	280,163
		5,361,686	5,841,205
Interest payable	4	539,527	551,165
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	4,822,159	5,290,040
Taxation	7	1,639,883	1,650,524
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	3,182,276	3,639,516

The operating profit for the year arises from the company's continuing operations.

The American Community School Limited
STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2002

	2002	2001
	£	as restated £
Profit for the financial year	3,182,276	3,639,516
Total recognised gains and losses relating to the year	3,182,276	3,639,516
Prior year adjustment	(734,700)	-
Total gains and losses recognised since last financial statements	2,447,576	3,639,516

The American Community School Limited

BALANCE SHEET

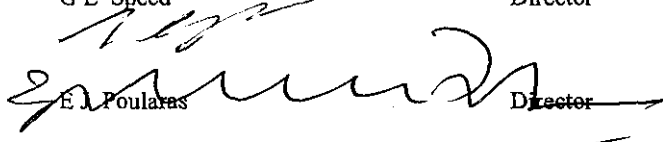
31 July 2002

	Notes	2002 £	2001 as restated £
FIXED ASSETS			
Tangible assets	8	40,543,212	33,639,493
Investments	9	2	2
		<u>40,543,214</u>	<u>33,639,495</u>
CURRENT ASSETS			
Debtors	10	7,571,980	7,930,954
Cash at bank and in hand		4,566,376	8,344,851
		<u>12,138,356</u>	<u>16,275,805</u>
CREDITORS: Amounts falling due within one year	11	33,110,858	23,617,414
		<u>(20,972,502)</u>	<u>(7,341,609)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		19,570,712	26,297,886
CREDITORS: Amounts falling due after more than one year	12	(7,004,750)	(17,090,000)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(1,561,500)	(1,385,700)
		<u>11,004,462</u>	<u>7,822,186</u>
CAPITAL AND RESERVES			
Called up share capital	14	500,000	500,000
Profit and loss account	15	10,504,462	7,322,186
		<u>11,004,462</u>	<u>7,822,186</u>
SHAREHOLDERS' FUNDS			
	16	<u>11,004,462</u>	<u>7,822,186</u>

Approved by the board on 30 October 2002

G E Speed

Director

 E. Poularas

Director

The American Community School Limited

CASH FLOW STATEMENT for the year ended 31 July 2002

	Notes	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	16,895,851	8,853,821
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		202,258	280,130
Interest paid		(538,503)	(550,141)
Interest element of finance lease rentals		(1,024)	(1,024)
Net cash outflow for returns on investments and servicing of finance		(337,269)	(271,035)
TAXATION		(1,782,583)	(1,312,600)
CAPITAL EXPENDITURE			
Payments to acquire tangible assets		(8,471,042)	(3,715,877)
Receipts from sales of tangible assets		10,500	750
Net cash outflow for capital expenditure		(8,460,542)	(3,715,127)
Net cash inflow before management of liquid resources and financing		6,315,457	3,555,059
FINANCING			
New debenture loan		374,750	458,000
Other new long term loans		-	460,000
Repayment of other long term loans		(10,460,000)	-
Capital element of hire purchase contracts		(8,682)	(8,681)
Net cash (outflow)/inflow from financing		(10,093,932)	909,319
(DECREASE)/INCREASE IN CASH IN THE YEAR		(3,778,475)	4,464,378

The American Community School Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost or valuation less depreciation.

Depreciation is provided on all tangible fixed assets other than freehold land and investment properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Land and buildings Freehold	Straight line over ten, twenty-five and fifty years
Fixtures, fittings & equipment	15 - 25% Straight line
Motor vehicles	25% Straight line

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

DEFERRED TAXATION

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been 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.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior period adjustment to be made to recognise the asset which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the deferred tax liability and reduced the retained profits by £734,700.

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

Rentals under operating leases are charged/credited against income on a straight line basis over the lease term.

PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

The American Community School Limited

ACCOUNTING POLICIES (CONTINUED)

FEES IN ADVANCE

Fees in advance represent the following years tuition and bussing fees invoiced in the current year.

BUSSING INCOME AND EXPENDITURE

It is the company's policy to provide a bussing service for all those pupils who require it. The charge is set at a level designed to recoup the cost of providing such a service. Therefore the income and expenditure derived from this activity are offset in the company's accounts.

The American Community School Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2002

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES (NET)	2002 £	2001 £
Administrative expenses	7,268,570	6,526,501
Other operating income	(414,819)	(434,588)
	<u>6,853,751</u>	<u>6,091,913</u>
3. INVESTMENT INCOME	2002 £	2001 £
Bank interest	202,258	280,130
Other interest	-	33
	<u>202,258</u>	<u>280,163</u>
4. INTEREST PAYABLE	2002 £	2001 £
On bank loans and overdrafts	1,414	4,188
On other loans	537,089	545,953
Lease finance charges	1,024	1,024
	<u>539,527</u>	<u>551,165</u>
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £	2001 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible assets:		
Charge for the year:		
owned assets	1,563,629	1,393,812
leased assets	-	7,606
Profit on disposals	(6,806)	(750)
Operating lease rentals:		
Land and buildings	528,693	510,329
(Loss)/profit on foreign exchange transactions	44,771	(22,196)
Auditors' remuneration	17,500	17,000
Remuneration of auditors for non-audit work	6,000	3,000
	<u></u>	<u></u>

The American Community School Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 July 2002

6. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:	2002 No.	2001 No.
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Executive directors	3	3
Others	523	501
	<u>526</u>	<u>504</u>

	£	£
Staff costs for the above persons:		
Wages and salaries	15,111,871	13,599,723
Social security costs	1,433,862	1,295,389
Other pension costs	437,760	41,151
	<u>16,983,493</u>	<u>14,936,263</u>

DIRECTORS' REMUNERATION	2002 £	2001 £
Emoluments for qualifying services	<u>829,498</u>	<u>698,454</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2001- 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>300,000</u>	<u>291,667</u>
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The American Community School Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 July 2002

7. TAXATION	2002	2001
	£	£
Domestic current year tax		
U.K. corporation tax	1,456,500	1,675,000
Adjustment for prior years	7,583	(34,176)
	<u>1,464,083</u>	<u>1,640,824</u>
Current tax charge		
Deferred tax		
Deferred tax charge/credit current year	175,800	9,700
	<u>1,639,883</u>	<u>1,650,524</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	4,822,159	5,290,040
	<u>4,822,159</u>	<u>5,290,040</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001: 30.00%)	1,446,648	1,587,012
	<u>1,446,648</u>	<u>1,587,012</u>
Effects of:		
Non deductible expenses	22,905	31,389
Capital allowances in excess of depreciation	(18,068)	15,737
Adjustments to previous periods	7,583	(34,176)
Other tax adjustments	5,015	40,862
	<u>17,435</u>	<u>53,812</u>
Current tax charge	<u>1,464,083</u>	<u>1,640,824</u>

The American Community School Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 July 2002

8. TANGIBLE FIXED ASSETS

	<i>Land and buildings Freehold</i>	<i>Fixtures, Motor vehicles fittings & equipment</i>		<i>Total</i>
	£	£	£	£
Cost or valuation				
1 August 2001	33,086,111	7,878,544	438,955	41,403,610
Additions	7,425,977	1,014,831	30,234	8,471,042
Disposals	-	(895)	(35,711)	(36,606)
31 July 2002	40,512,088	8,892,480	433,478	49,838,046
Depreciation				
1 August 2001	1,039,767	6,336,744	387,606	7,764,117
Charge in the year	696,495	830,337	36,797	1,563,629
Disposals	-	(895)	(32,017)	(32,912)
31 July 2002	1,736,262	7,166,186	392,386	9,294,834
Net book value				
31 July 2002	38,775,826	1,726,294	41,092	40,543,212
31 July 2001	32,046,344	1,541,800	51,349	33,639,493

All properties were revalued on 20 July 1999 by Gerald Eve, Chartered Surveyors, on the basis of open market value for current use. The valuation was incorporated in the financial statements for the year ended 31 July 1999.

Included in land and buildings is freehold land valued at £5,776,000 which is not depreciated.

Additions to land and buildings is shown at £7,416,173 after taking into account VAT refunds of £74,226.

The historical cost of assets included at valuation at the balance sheet date is £47,183,034 (2001 : £39,766,861). 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.

Included above are assets held under finance leases or hire purchase contracts as follows:

	<i>Fixtures, fittings & equipment</i>
	£
Net book value	
31 July 2002	-
31 July 2001	15,214

The American Community School Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 July 2002

9. FIXED ASSET INVESTMENTS

	<i>Shares in group undertakings</i>
	£
Cost	
1 August 2001 and 31 July 2002	2

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Shares held</i>	
		<i>Class</i>	<i>%</i>
Subsidiary undertakings			
A C School Properties Limited	UK	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<i>Capital and reserves</i>	<i>Profit/(loss) for the year</i>
	£	£
A C School Properties Limited	61,999	14,165

The American Community School Limited has taken advantage of the exemption from preparing group accounts due to group accounts being prepared by its parent company.

10. DEBTORS

	2002	2001
	£	£
Trade debtors	3,430,671	3,293,169
Amounts owed by parent and fellow subsidiary undertakings	2,029,566	2,402,775
Other debtors	237,003	290,442
Prepayments and accrued income	1,874,740	1,944,568
	<u>7,571,980</u>	<u>7,930,954</u>

Amounts falling due after more than one year and included in the debtors above are:

	2002	2001
	£	£
Amounts owed by group undertakings	<u>1,656,357</u>	<u>2,029,566</u>

The American Community School Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 July 2002

11. CREDITORS: Amounts falling due within one year	2002	2001
	£	£
Obligations under finance lease and hire purchase contracts	-	8,682
Trade creditors	490,364	476,648
Amounts owed to group undertakings	10,460,000	-
Corporation tax	698,500	1,017,000
Other taxes and social security costs	457,352	420,075
Directors' current accounts	12,250	34,348
Other creditors	1,150,362	1,234,097
Accruals and deferred income	19,842,030	20,426,564
	<u>33,110,858</u>	<u>23,617,414</u>
	2002	2001
	£	£
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	-	9,706
Finance charges and interest allocated to future accounting periods	-	(1,024)
	<u>-</u>	<u>8,682</u>

The American Community School Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 July 2002

12. CREDITORS: Amounts falling due in more than one year	2002 £	2001 £
Debenture loans	6,508,750	6,134,000
Other loans	496,000	10,956,000
	<u>7,004,750</u>	<u>17,090,000</u>
Loans		
Not wholly repayable within five years other than by instalments:		
Debentures	6,508,750	6,134,000
Wholly repayable within five years	496,000	10,956,000
	<u>7,004,750</u>	<u>17,090,000</u>
	<u>7,004,750</u>	<u>17,090,000</u>
Loan maturity analysis:		
In more than two years but not more than five years	496,000	10,956,000
In more than five years	6,508,750	6,134,000
	<u>6,508,750</u>	<u>6,134,000</u>

During the year the company issued 1,499 debentures of £250 each.

The third issue debentures are unsecured and repayable on the 25th anniversary of the date of issue. This issue comprised 827 debentures of £250 each all issued between April and June 1984.

The fifth issue debentures are unsecured and repayable by the company giving debenture holders not less than one months notice of its intention to repay the principal sum. As at 31 July 2002 this issue comprised 25,208 debentures of £250 each (2001: 23,709 debentures of £250 each).

Included in other loans is an amount owed to The Poularas Speed Special Pension Fund of £496,000 (2001: £496,000). This loan is unsecured and repayable on 2nd August 2004.

Other loans for 2001 included £10,460,000 due to the company's holding company which is now due within one year.

The American Community School Limited
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 July 2002

13. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation £</i>
Balance at 1 August 2001	1,385,700
Transfer from profit and loss account	175,800
	<hr/>
Balance at 31 July 2002	1,561,500
	<hr/>

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Excess of tax allowances over depreciation	1,569,000	1,395,000
Other timing differences	(7,500)	(9,300)
	<hr/>	<hr/>
	1,561,500	1,385,700
	<hr/>	<hr/>

14. SHARE CAPITAL

	2002 £	2001 £
Authorised:		
500,000 Ordinary shares of £ 1 each	500,000	500,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
500,000 Ordinary shares of £ 1 each	500,000	500,000
	<hr/>	<hr/>

15. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £</i>
1 August 2001	8,056,886
Prior year adjustment	(734,700)
	<hr/>
1 August 2001 as restated	7,322,186
Retained profit for the year	3,182,276
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31 July 2002	10,504,462
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The prior year adjustment arises from the adoption of Financial Reporting Standard 19 - Deferred Taxation.

The American Community School Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 July 2002

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002 £	2001 £
Profit for the financial year	3,182,276	3,639,516
Opening shareholders' funds	7,822,186	4,182,670
Closing shareholders' funds	<u>11,004,462</u>	<u>7,822,186</u>

Opening shareholders' funds were originally £8,556,776 before deducting prior year adjustments of £734,700.

17. CASH FLOWS	2002 £	2001 £
a. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	5,159,428	5,561,042
Depreciation of tangible assets	1,563,629	1,401,418
Profit on disposal of tangible assets	(6,806)	(750)
Decrease in debtors	358,974	1,180,118
Increase in creditors within one year	9,820,626	711,993
Net cash inflow from operating activities	<u>16,895,851</u>	<u>8,853,821</u>

b. Analysis of net debt	1 August 2001 £	Cash flow £	Other non-cash changes £	31 July 2002 £
Net cash:				
Cash at bank and in hand	8,344,851	(3,778,475)	-	4,566,376
Bank deposits	-	-	-	-
Debt:				
Finance leases	(8,682)	8,682	-	-
Debts falling due after one year	(17,090,000)	10,085,250	-	(7,004,750)
Net debt	<u>(8,753,831)</u>	<u>6,315,457</u>	<u>-</u>	<u>(2,438,374)</u>

c. Reconciliation of net cash flow to movement in net debt	2002 £	2001 £
(Decrease)/increase in cash in the year	(3,778,475)	4,464,378
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	10,093,932	(909,319)
Movement in net debt in the year	6,315,457	3,555,059
Opening net debt	(8,753,831)	(12,308,890)
Closing net debt	<u>(2,438,374)</u>	<u>(8,753,831)</u>

The American Community School Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 July 2002

18. CAPITAL COMMITMENTS	2002 £	2001 £
Capital expenditure contracted for but not provided in the financial statements	<u>2,931,930</u>	<u>7,106,238</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Land and buildings expiring after five years	<u>499,312</u>	<u>499,312</u>

20. CONTINGENT LIABILITIES

The holding company has given guarantees in respect of its wholly owned subsidiary AC School Properties Limited.

21. PENSION COMMITMENTS

DEFINED CONTRIBUTION

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. The pension cost charge represents contributions payable by the company to the funds and amounted to £437,760 (2001 - £41,151). Contributions payable at the balance sheet date were £24,937 (2001: £31,152).

	2002 £	2001 £
Contributions payable by the company for the year	<u>437,760</u>	<u>41,151</u>

22. CONTROL

The ultimate parent company is American Community School Holdings Limited, a company registered in England and Wales.

American Community School Holdings Limited prepares group financial statements and copies can be obtained from the company's registered office.

23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

The company owed The Poularas Speed Special Pension Scheme £496,000 at the balance sheet date.