
TASIS UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2003



TASIS UK LIMITED

COMPANY INFORMATION

DIRECTORS	F L Gonzalez L F Aeschlimann
SECRETARY	Mrs M Ealey
COMPANY NUMBER	1594513
REGISTERED OFFICE	Coldharbour Lane Thorpe Surrey TW20 8te
AUDITORS	Gibson Appleby Chartered Accountants & Registered Auditor Blenheim House 120 Church Street Brighton East Sussex BN1 1AU

TASIS UK LIMITED

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TASIS UK LIMITED

DIRECTORS' REPORT **For the year ended 30 June 2003**

The directors present their report and the financial statements for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The group's principal activity is the operation of an independent fee-paying school based in the UK, offering education under the American system. The company's principal activity is that of a holding company.

The directors consider the state of affairs of the company and group to be satisfactory.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £431,038 (2002 - £584,775) .

The directors do not recommend the payment of a dividend. (2002 - £1,000,000) .

DIRECTORS

The directors who served during the year was:

F L Gonzalez

L F Aeschlimann

None of the directors had any beneficial interest in the company during the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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 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.

TASIS UK LIMITED

DIRECTORS' REPORT
For the year ended 30 June 2003

AUDITORS

The auditors, Gibson Appleby, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on *6 January 2004* and signed on its behalf.



Mrs M Ealey
Secretary

TASIS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TASIS UK LIMITED

We have audited the financial statements of TASIS UK Limited for the year ended 30 June 2003 set out on pages 5 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

This report is made solely to the company's 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 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 AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

TASIS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TASIS UK LIMITED

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as amended.

Gibson Appleby

6 January 2004

Gibson Appleby

Chartered Accountants
Registered Auditor
Blenheim House
120 Church Street
Brighton
East Sussex
BN1 1AU

Date:

TASIS UK LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 30 June 2003

	Note	2003 £	2002 £
TURNOVER	1,2	12,119,523	11,539,618
Cost of sales		(6,843,874)	(6,576,161)
GROSS PROFIT		5,275,649	4,963,457
Selling and distribution costs		(1,505,574)	(1,237,166)
Administrative expenses		(3,432,118)	(3,138,268)
OPERATING PROFIT	3	337,957	588,023
Interest receivable	6	292,205	255,455
Interest payable	7	(214)	(6,826)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		629,948	836,652
TAX ON PROFIT ON ORDINARY ACTIVITIES	8	(198,910)	(251,877)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		431,038	584,775
DIVIDENDS	9	-	(1,000,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	15	431,038	(415,225)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

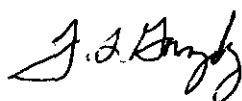
The notes on pages 9 to 18 form part of these financial statements.

TASIS UK LIMITED

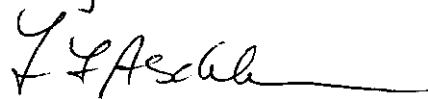
BALANCE SHEET As at 30 June 2003

			30 June 2003	30 June 2002
	Note	£	£	£
FIXED ASSETS				
Tangible fixed assets	10		699,765	600,082
CURRENT ASSETS				
Debtors	12	4,497,634	4,484,080	
Cash at bank and in hand		757,928	1,870,499	
		5,255,562	6,354,579	
CREDITORS: amounts falling due within one year	13	(3,674,496)	(5,104,868)	
NET CURRENT ASSETS			1,581,066	1,249,711
TOTAL ASSETS LESS CURRENT LIABILITIES			£ 2,280,831	£ 1,849,793
CAPITAL AND RESERVES				
Called up share capital	14	10,000	10,000	
Profit and loss account	15	2,270,831	1,839,793	
SHAREHOLDERS' FUNDS - ALL EQUITY	16	£ 2,280,831	£ 1,849,793	

The financial statements were approved by the board on 6 January 2004 and signed on its behalf.



F L Gonzalez
Director



L F Aeschlimann
Director


The notes on pages 9 to 18 form part of these financial statements.

TASIS UK LIMITED

BALANCE SHEET As at 30 June 2003

	Note	30 June 2003 £	30 June 2002 £
FIXED ASSETS			
Investments	11	10,000	10,000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 10,000</u>	<u>£ 10,000</u>
CAPITAL AND RESERVES			
Called up share capital	14	<u>10,000</u>	<u>10,000</u>
SHAREHOLDERS' FUNDS - All Equity	16	<u>£ 10,000</u>	<u>£ 10,000</u>

The financial statements were approved by the board on *6 January 2004* and signed on its behalf.


F L Gonzalez
Director


L F Aeschlimann
Director

The notes on pages 9 to 18 form part of these financial statements.

TASIS UK LIMITED

CASH FLOW STATEMENT For the year ended 30 June 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	17	156,684	1,912,301
Returns on investments and servicing of finance	18	291,991	248,629
Taxation		(322,190)	(804,225)
Capital expenditure and financial investment	18	(239,056)	(101,603)
Equity dividends paid		(1,000,000)	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (1,112,571)	£ 1,255,102

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT For the year ended 30 June 2003

	2003 £	2002 £
(Decrease)/Increase in cash in the year	(1,112,571)	1,255,102
MOVEMENT IN NET DEBT IN THE YEAR	(1,112,571)	1,255,102
Net funds at 1 July 2002	1,870,499	615,397
NET FUNDS AT 30 JUNE 2003	£ 757,928	£ 1,870,499

The notes on pages 9 to 18 form part of these financial statements.

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Investments

Share in subsidiaries are valued at cost less provision for permanent impairment.

1.3 Turnover

Turnover represents the total amount of fees, including extras, receivable in respect of services provided to students during the year.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2%	straight line
Plant and equipment	-	20%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures and fittings	-	20%	reducing balance
Office equipment	-	33%	reducing balance
Library and teaching equipment	-	20%	reducing balance

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

1.6 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.7 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the 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 differences are taken into account in arriving at the operating loss.

1.8 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.

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 30 June 2003**

1.9 Bad debts

Term fees are generally payable in advance. Amounts outstanding at the end of the financial year, which also represents the end of the school year, where appropriate, have been fully provided against.

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

2. TURNOVER

The whole of the turnover is attributable to fees for offering education.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	139,373	111,451
Auditors' remuneration	29,359	41,291
Difference on foreign exchange	1,608	(11,772)
Staff costs	5,054,935	5,020,703
	<u>5,054,935</u>	<u>5,020,703</u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2003 £	2002 £
Wages and salaries	4,481,249	4,459,586
Social security costs	434,359	426,468
Other pension costs	139,327	134,649
	<u>£ 5,054,935</u>	<u>£ 5,020,703</u>

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

	2003 No.	2002 No.
Housekeeping	23	21
Teaching	103	106
Administration	25	24
Maintenance	12	11
Promotion	8	9
Security	5	5
	<u>176</u>	<u>176</u>

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

5. DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments	£ 111,619	£ 100,265
Company pension contributions to money purchase pension schemes	£ 3,388	£ 3,298

During the year retirement benefits were accruing to 1 director (2002 - 1) in respect of money purchase pension schemes.

6. INTEREST RECEIVABLE

	2003 £	2002 £
Interest receivable from group companies	250,778	209,021
Other interest receivable	41,427	46,434
	£ 292,205	£ 255,455

7. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	214	-
On other loans	-	6,826
	£ 214	£ 6,826

8. TAXATION

	2003 £	2002 £
Analysis of tax charge in year		
UK corporation tax charge on profits of the year	198,910	259,284
Adjustments in respect of prior periods	-	(7,407)
Tax on profit on ordinary activities	£ 198,910	£ 251,877

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

8. TAXATION (continued)

Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	629,948	836,652
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 - 30)	188,984	250,996
Effects of:		
Expenses not deductible for tax purposes	9,234	5,897
Depreciation for period in excess of capital allowances	692	2,391
Adjustments to tax charge in respect of prior periods	-	(7,407)
Current tax charge for year (see note above)	£ 198,910	£ 251,877

Factors that may affect future tax charges

The company is part of a group and is therefore subject to full rates of corporation tax.

No provision has been made for deferred taxation in respect of timing differences as the amount involved is not considered to be material.

9. DIVIDENDS

	2003	2002
	£	£
Total dividends proposed	£ -	£ 1,000,000

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

10. TANGIBLE FIXED ASSETS

	Land and buildings	Furniture and teaching equipment	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2002	306,454	74,863	16,812	1,057,777	1,455,906
Additions	-	52,860	-	186,196	239,056
Disposals	-	-	-	(94,847)	(94,847)
At 30 June 2003	306,454	127,723	16,812	1,149,126	1,600,115
Depreciation					
At 1 July 2002	18,387	72,042	16,189	749,206	855,824
Charge for the year	6,129	1,730	156	131,358	139,373
On disposals	-	-	-	(94,847)	(94,847)
At 30 June 2003	24,516	73,772	16,345	785,717	900,350
Net book value					
At 30 June 2003	£ 281,938	£ 53,951	£ 467	£ 363,409	£ 699,765
At 30 June 2002	£ 288,067	£ 2,821	£ 623	£ 308,571	£ 600,082

11. FIXED ASSET INVESTMENTS

	Share in group under- takings £	Total £
Cost or valuation		
At 1 July 2002 and 30 June 2003	£ 10,000	£ 10,000

This represents the cost of the whole of the issued share capital of TASIS The American School in England a company registered in England and Wales. The principal activity of the company is that of a school.

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

12. DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	270,788	219,448
Amounts owed by group undertakings	1,034,524	(28,671)
Amounts owed by undertakings in which the company has a participating interest	2,976,264	4,085,837
Other debtors	17,665	33,903
Prepayments and accrued income	198,393	173,563
	<u>£ 4,497,634</u>	<u>£ 4,484,080</u>

a) Other debtors includes staff loans of £12,252 (2002 : £13,423).

b) Generally, amounts owed by related companies fluctuate on a day to day basis to take into account general trading transactions. Although the amounts bear interest at commercial rates, there are no fixed terms relating to security or repayment.

c) Amounts owed by group undertakings fluctuate on a day to day basis to take into account general trading transactions. They are interest free and unsecured.

13. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	186,788	93,096
Corporation tax	47,886	171,166
Social security and other taxes	9,214	177,840
Proposed dividend	-	1,000,000
Other creditors	100,929	75,274
Accruals and deferred income	3,329,679	3,587,492
	<u>£ 3,674,496</u>	<u>£ 5,104,868</u>

Amounts held on behalf of students amounting to £51,159 (2002 : £51,169), have been netted against separate bank accounts set up for this purpose. These amounts have therefore, been excluded from the financial statements.

14. SHARE CAPITAL

	2003 £	2002 £
Authorised, allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>£ 10,000</u>	<u>£ 10,000</u>

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

15. RESERVES

	Profit and loss account £
At 1 July 2002	1,839,793
Profit retained for the year	431,038
At 30 June 2003	<u>£ 2,270,831</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the year	431,038	584,775
Dividends	-	(1,000,000)
	<u>431,038</u>	<u>(415,225)</u>
Opening shareholders' funds	1,849,793	2,265,018
Closing shareholders' funds	<u>£ 2,280,831</u>	<u>£ 1,849,793</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account. The profit dealt with in the accounts of the company was £nil (2002 : £nil).

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	337,957	588,023
Depreciation of tangible fixed assets	139,373	111,451
Decrease/(increase) in debtors	1,049,641	(211,051)
(Increase)/decrease in amounts owed by group undertakings	(1,063,195)	330,660
Decrease/(increase) in amounts owed by joint ventures	1,109,573	(75,064)
(Decrease)/increase in creditors	(307,092)	1,093,218
NET CASH INFLOW FROM OPERATIONS	<u><u>£ 1,266,257</u></u>	<u><u>£ 1,837,237</u></u>

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	292,205	255,455
Interest paid	(214)	(6,826)
	<u>291,991</u>	<u>248,629</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ 291,991	£ 248,629
	2003 £	2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	£ (239,056)	£ (101,603)

19. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2002 £	Cash flow £	Other non-cash changes £	30 June 2003 £
Cash at bank and in hand:	1,870,499	(1,112,571)	-	757,928
NET FUNDS	£ 1,870,499	£ (1,112,571)	£ -	£ 757,928

20. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund as more fully detailed in note 4 to the financial statements.

TASIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2003

21. OPERATING LEASE COMMITMENTS

At 30 June 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Within 1 year	11,819	11,819
Between 2 and 5 years	19,772	19,772
	<u> </u>	<u> </u>

In May 2001, the subsidiary company renewed its leases in respect of the school premises and a residence for faculty members for a further 7 years at an annual rent of £400,000.

In May 2003, the subsidiary company signed a new lease in respect of the school gym. The lease is renewable on a monthly basis at an hourly rate of £33 per hour.

22. RELATED PARTY TRANSACTIONS

In addition to the balances disclosed in notes 13 and 14 to the financial statements, the company has also entered into the following related party transactions during the year.

a) During the year TASIS paid rent of £400,000 (2002 : £400,000) to Mikron, a related company for the school premises.

During the year, TASIS incurred buildings improvements costs of £1,041,243 (2002 : £1,770,000) on behalf of Mikron, which has been recharged via a related party, TASIS Properties Ltd.

b) During the year, TASIS received £250,778 (2002: £192,628) being interest due on the related company loan as referred to in note 13 to the financial statements.

c) A service charge of £1,254,068 (2002 : £1,187,582) was paid to ACE, a related company, during the year for administration expenses undertaken by the company, including the administration of the boarding income.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company is Carona Trust, a trust registered in Liechtenstein. The ultimate control of this trust is not known.