

CHELFHAM SENIOR SCHOOL LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2001



CHÉLFHAM SENIOR SCHOOL LIMITED

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CHELFHAM SENIOR SCHOOL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2001

The directors present their report and financial statements for the year ended 30 April 2001.

Principal activities and review of the business

The principal activity of the company continued to be that of the operation of an independant school for boys.

The operating 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 directors draw attention to the alleged misappropriation of company funds detailed in notes 5, 8 and 14 to the financial statements.

The directors are extremely disappointed to be let down by such a trusted external advisor who provided management services to the company, however, they wish to stress that the alleged misappropriation took place from cleared company funds and has not materially affected the operating profitability of the company over the period.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 May 2000:

Dr J R Burland
K T Roberts

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 April 2001	1 May 2000
Dr J R Burland	999	999
K T Roberts	1	1

Auditors

It is not proposed that D E K M will be re-appointed as auditors to the company. A resolution recommending the appointment of Glover Stanbury & Co, as replacements for D E K M, will be put to the Annual General Meeting.

CHELFHAM SENIOR SCHOOL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2001

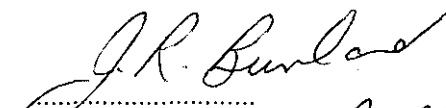
Directors' responsibilities

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;
- 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.

On behalf of the board


.....
K.T. Roberts J.R. BURLAND
Director
21.8.03 DIRECTOR

CHELFHAM SENIOR SCHOOL LIMITED

INDEPENDENT AUDITORS' REPORT TO CHELFHAM SENIOR SCHOOL LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the year ended 30 April 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

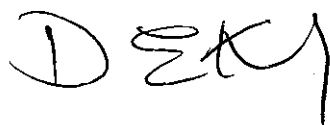
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.



D E K M
Chartered Accountants
and Registered Auditor
5 Trinity Terrace
London Road
Derby
DE1 2QS

22 August 2003

CHELFHAM SENIOR SCHOOL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2001

		2001	2000
	Notes	£	as restated £
Gross profit		1,510,973	1,127,435
Administrative expenses		(741,722)	(1,017,876)
Operating profit	2	769,251	109,559
Other interest receivable and similar income		3,362	2,088
Interest payable and similar charges	3	(27,733)	(35,409)
Profit on ordinary activities before taxation		744,880	76,238
Tax on profit on ordinary activities	4	(139,070)	(39,607)
Profit on ordinary activities after taxation		605,810	36,631
Extraordinary items	5	(198,462)	(93,125)
Profit/(loss) for the year		407,348	(56,494)
Dividends	6	-	(90,000)
Retained profit/(loss) for the year	13	407,348	(146,494)

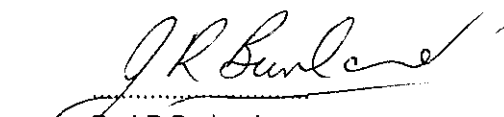
CHELFHAM SENIOR SCHOOL LIMITED

ABBREVIATED BALANCE SHEET AS AT 30 APRIL 2001

		2001		2000 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		947,503		959,453
Current assets					
Debtors	8	2,110,178		1,789,814	
Cash at bank and in hand		178,086		5,040	
		<u>2,288,264</u>		<u>1,794,854</u>	
Creditors: amounts falling due within one year	9	<u>(747,908)</u>		<u>(1,010,602)</u>	
Net current assets			<u>1,540,356</u>		<u>784,252</u>
Total assets less current liabilities			<u>2,487,859</u>		<u>1,743,705</u>
Creditors: amounts falling due after more than one year	10		<u>(2,148,473)</u>		<u>(1,811,667)</u>
			<u>339,386</u>		<u>(67,962)</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		338,386		(68,962)
Shareholders' funds - equity interests	15		<u>339,386</u>		<u>(67,962)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 21.8.03.


Dr J R Burland
Director

CHELFHAM SENIOR SCHOOL LIMITED

ABBREVIATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2001

	2001		2000 as restated	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		265,242		(682,794)
Returns on investments and servicing of finance				
Interest received	3,362		2,088	
Interest paid	(27,733)		(35,409)	
Net cash outflow for returns on investments and servicing of finance		(24,371)		(33,321)
Taxation		(111,117)		27,097
Capital expenditure				
Payments to acquire tangible assets	(861)		(7,982)	
Net cash outflow for capital expenditure		(861)		(7,982)
Equity dividends paid		-		(90,000)
Net cash inflow/(outflow) before management of liquid resources and financing		128,893		(787,000)
Financing				
New long term bank loan	50,000		-	
Other new long term loans	324,982		363,748	
Repayment of long term bank loan	(34,997)		(18,278)	
Capital element of hire purchase contracts	(3,390)		(9,164)	
Net cash inflow/(outflow) from financing		336,595		336,306
Increase/(decrease) in cash in the year		465,488		(450,694)

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2001

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2001 £	2000 £
	Operating profit	769,251	109,559
	Depreciation of tangible assets	11,970	14,470
	Loss on disposal of tangible assets	841	-
	Increase in debtors	(616,826)	(457,886)
	Increase/(decrease) in creditors within one year	100,006	(348,937)
	Net cash inflow/(outflow) from operating activities	265,242	(682,794)

2	Analysis of net debt	1 May 2000 £	Cash flow £	Other non-cash changes £	30 April 2001 £
	Net cash:				
	Cash at bank and in hand	5,040	173,046	-	178,086
	Bank overdrafts	(304,936)	292,442	-	(12,494)
		<u>(299,896)</u>	<u>465,488</u>	<u>-</u>	<u>165,592</u>
	Debt:				
	Finance leases	(3,673)	3,390	-	(283)
	Debts falling due within one year	(78,615)	(2,896)	-	(81,511)
	Debts falling due after one year	(1,811,384)	(337,089)	-	(2,148,473)
		<u>(1,893,672)</u>	<u>(336,595)</u>	<u>-</u>	<u>(2,230,267)</u>
	Net debt	(2,193,568)	128,893	-	(2,064,675)

3	Reconciliation of net cash flow to movement in net debt	2001 £	2000 £
	Increase/(decrease) in cash in the year	465,488	(450,694)
	Cash inflow from increase in debt and lease financing	(336,595)	(336,306)
	Movement in net debt in the year	128,893	(787,000)
	Opening net debt	(2,193,568)	(1,406,568)
	Closing net debt	(2,064,675)	(2,193,568)

4 Major non-cash transactions

The extraordinary item, detailed in note 5 to the financial statements, does not result in any cashflows as it consists solely of provisions.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis, the validity of which depends on the continued support of the company's director - Dr J R Burland, and its connected undertaking - Chelfham Mill School Limited.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold properties	Nil
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

No depreciation has been provided on freehold property. This is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors the amount of depreciation which might have been charged would not have been material.

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 on a straight line basis over the period of the agreements.

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

1.6 Pensions

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

2 Operating profit	2001 £	2000 £
Operating profit is stated after charging:		
Depreciation of tangible assets	11,970	14,470
Loss on disposal of tangible assets	841	-
Operating lease rentals		
- Plant and machinery	15,463	29,958
Auditors' remuneration	7,687	7,913

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2001

3	Interest payable	2001	2000
		£	£
	On bank loans and overdrafts	27,015	31,289
	Hire purchase interest	718	2,007
	On overdue tax	-	2,113
		<u>27,733</u>	<u>35,409</u>
4	Taxation	2001	2000
		£	£
	Domestic current year taxation		
	U.K. corporation tax	140,000	11,500
	Adjustment for prior years	(930)	28,107
		<u>139,070</u>	<u>39,607</u>
5	Extraordinary items	2001	2000
		£	£
	Provision against other debtors	296,462	121,232
	Attributable taxation	98,000	28,107
		<u>198,462</u>	<u>93,125</u>

The directors discovered that an external advisor to the company, with powers to transfer monies, has allegedly misappropriated funds for a number of years.

The company is taking action to recover the amounts involved in full. As the outcome of this action is uncertain at this time, the directors have therefore provided against part of the amounts involved and this is considered extraordinary and outside the scope of the company's normal activities.

6	Dividends	2001	2000
		£	£
	Ordinary interim paid	-	90,000
		<u>-</u>	<u>90,000</u>

The dividend in the comparative period was paid based on the company's results, before restatement, for the prior period adjustments identified in the current year.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2001

7 Tangible fixed assets

	Freehold properties	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 May 2000	896,198	117,171	71,894	1,085,263
Additions	434	427	-	861
Disposals	-	-	(2,900)	(2,900)
	<u>896,632</u>	<u>117,598</u>	<u>68,994</u>	<u>1,083,224</u>
At 30 April 2001	896,632	117,598	68,994	1,083,224
Depreciation				
At 1 May 2000	-	77,089	48,721	125,810
On disposals	-	-	(2,059)	(2,059)
Charge for the year	-	6,330	5,640	11,970
	<u>-</u>	<u>83,419</u>	<u>52,302</u>	<u>135,721</u>
At 30 April 2001	-	83,419	52,302	135,721
Net book value				
At 30 April 2001	<u>896,632</u>	<u>34,179</u>	<u>16,692</u>	<u>947,503</u>
At 30 April 2000	<u>896,198</u>	<u>40,082</u>	<u>23,173</u>	<u>959,453</u>

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

	Motor vehicles £
Net book values	
At 30 April 2001	<u>4,291</u>
At 30 April 2000	<u>5,721</u>
Depreciation charge for the year	
30 April 2001	<u>1,430</u>
30 April 2000	<u>1,907</u>

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001

8 Debtors	2001 £	2000 £
Trade debtors	100,893	49,726
Other debtors	2,005,667	1,733,785
Prepayments and accrued income	3,618	6,303
	<u>2,110,178</u>	<u>1,789,814</u>

Other debtors includes an amount of £2,000,000 (2000 - £1,733,333, as restated) arising as a result of the alleged misappropriated funds detailed in note 5 to the financial statements. These amounts are stated net of the provisions detailed in notes 5 and 14.

9 Creditors: amounts falling due within one year	2001 £	2000 £
Bank loans and overdrafts	44,005	333,551
Net obligations under hire purchase contracts	283	3,390
Trade creditors	26,441	24,919
Corporation tax	42,000	112,047
Other taxes and social security costs	49,529	74,919
Other creditors	54,093	50,000
Accruals and deferred income	531,557	411,776
	<u>747,908</u>	<u>1,010,602</u>
Debt due in one year or less	<u>94,005</u>	<u>383,551</u>

The bank loans and overdraft are secured by first legal mortgages over the company's freehold property along with a fixed and floating charge over the assets of the company.

Net obligations under hire purchase contracts are secured on the assets acquired.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2001

10 Creditors: amounts falling due after more than one year	2001 £	2000 £
Bank loans	242,524	230,417
Other loans	1,905,949	1,580,967
Net obligations under hire purchase contracts	-	283
	<u>2,148,473</u>	<u>1,811,667</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank loans	274,035	259,032
	<u>274,035</u>	<u>259,032</u>
Included in current liabilities	(31,511)	(28,615)
	<u>242,524</u>	<u>230,417</u>
Instalments not due within five years	<u>80,698</u>	<u>104,320</u>
Loan maturity analysis		
In more than one year but not more than two years	84,725	77,091
In more than two years but not more than five years	1,983,050	1,629,973
In more than five years	<u>80,698</u>	<u>104,320</u>

The bank loan was drawn in August 1997, with interest being charged at a rate of 9.75% fixed for the first 5 years. The loan term is 10 years and the loan must be repaid in full within the term.

The other loan is interest free and repayable to Chelfham Mill School Limited - a connected undertaking.

Net obligations under hire purchase contracts

Repayable within one year	283	3,390
Repayable between one and five years	-	283
	<u>283</u>	<u>3,673</u>
Included in liabilities falling due within one year	(283)	(3,390)
	<u>-</u>	<u>283</u>

The bank loans are secured by a first legal mortgage over the company's freehold property along with a fixed and floating charge over the assets of the company.

Net obligations under hire purchase contracts are secured on the assets acquired.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001

11 Pension costs

The company operates a defined contribution pension scheme. The company also contributes to the teachers' superannuation fund of the Department of Education and Science on behalf of certain of its employees. The assets of all schemes are administered by trustees in funds independent from those of the company. The pension cost charge represents contributions payable by the company to the funds and amounted to £23,708 (2000 - £30,460).

12 Share capital	2001 £	2000 £
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £ 1 each	1,000	1,000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2000 as previously reported	124,793
Prior year adjustment	(193,755)
Balance at 1 May 2000 as restated	(68,962)
Retained profit for the year	407,348
Balance at 30 April 2001	338,386

14 Prior year adjustment

Following an in depth review of the financial affairs, a number of expenses have been identified as incorrectly included in the accounts. In addition, previously provided directors' bonuses have been waived by the directors.

Directors' bonuses waived and associated employer's NI	(181,650)
Others	(202,372)
Extraordinary item - note 5	577,777
Total	193,755

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2001

15 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit/(Loss) for the financial year	407,348	(56,494)
Dividends	-	(90,000)
Net addition to/(depletion in) shareholders' funds	407,348	(146,494)
Opening shareholders' funds	(67,962)	78,532
Closing shareholders' funds	339,386	(67,962)

Opening shareholders' funds were originally £125,793 before deducting prior year adjustments of £193,755.

16 Contingent liabilities

The company has given an unlimited guarantee to National Westminster Bank plc in respect of all bank borrowings of Chelfham Mill School Limited - a connected undertaking. No liability is expected to arise in respect of this guarantee.

17 Financial commitments

At 30 April 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Expiry date:		
Within one year	1,526	8,194
Between two and five years	-	3,274
	1,526	11,468

18 Directors' emoluments	2001 £	2000 £
Emoluments for qualifying services	162,000	360,000

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2001

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Directors and management	5	4
Teachers and care staff	107	105
Maintenance and ancilliary	16	16
Administration	3	3
	<u>131</u>	<u>128</u>

Employment costs

	£	£
Wages and salaries	1,919,869	2,054,301
Social security costs	136,271	128,811
Other pension costs	23,708	30,460
	<u>2,079,848</u>	<u>2,213,572</u>

20 Related party transactions

The company is controlled by Dr J R Burland, a director and the majority shareholder.

During the year the company paid £165,000 (2000 - £165,000) to Chelfham Mill School Limited for management services.

Chelfham Mill School Limited is also under the control of Dr J R Burland, and at the year end the company owed £1,955,949 (2000 - £1,630,967, as restated) to Chelfham Mill School Limited. This loan is unsecured and interest free.

In addition, Chelfham Mill School Limited has given an unlimited guarantee to National Westminster Bank plc in respect of all bank borrowings of Chelfham Senior School Limited.