

CHELFHAM SENIOR SCHOOL LIMITED
ABBREVIATED FINANCIAL STATEMENTS

30 APRIL 2003

Company Registration Number 01929428



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COMPANIES HOUSE

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18/09/03

Glover Stanbury Co
C H A R T E R E D A C C O U N T A N T S

CHELFHAM SENIOR SCHOOL LIMITED

ABBREVIATED ACCOUNTS

Year ended 30 April 2003

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CHELFHAM SENIOR SCHOOL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Dr J R Burland M.Sc Ph.D
K T Roberts B.Ed B.Phil

Company secretary

K T Roberts

Registered office

C/O Chelfham Mill School
Chelfham
Barnstaple
Devon
EX32 7LA

Auditors

Glover Stanbury & Co
Chartered Accountants
& Registered Auditors
30 Bear Street
BARNSTAPLE
Devon
EX32 7DD

Bankers

NatWest
PO Box No 226
St Andrews Cross
Plymouth
Devon
PL4 0YY

CHELFHAM SENIOR SCHOOL LIMITED

THE DIRECTORS' REPORT

Year ended 30 April 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 April 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

As first disclosed in the 2001 accounts, the directors are currently taking legal action against a former advisor to the company. The details of this claim are explained in more detail in notes 8 and 10 to the financial statements.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 April 2003	At 1 May 2002
Dr J R Burland M.Sc Ph.D	999	999
K T Roberts B.Ed B.Phil	<u>1</u>	<u>1</u>

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

CHELFHAM SENIOR SCHOOL LIMITED

THE DIRECTORS' REPORT *(continued)*

Year ended 30 April 2003

AUDITORS

As stated in the 2002 accounts, DEKM resigned as auditors on 22 August 2003 following the completion of the accounts for the year ended 30 April 2001. Glover Stanbury & Co were then appointed as auditors.

Registered office:
C/O Chelfham Mill School
Chelfham
Barnstaple
Devon
EX32 7LA

Signed by order of the directors



DR J R BURLAND M.Sc Ph.D
Director

Approved by the directors on ¹⁴ September 2003

Glover Stanbury Co

CHARTERED ACCOUNTANTS

CHELFHAM SENIOR SCHOOL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 15, together with the financial statements of the company for the year ended 30 April 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 those provisions and report our opinion to you.

BASIS OF OPINION

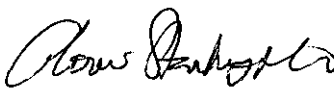
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did 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 Act, and the abbreviated accounts on pages 5 to 15 are properly prepared in accordance with those provisions.

30 Bear Street
BARNSTAPLE
Devon
EX32 7DD

12 September 2003


GLOVER STANBURY & CO
Chartered Accountants
& Registered Auditors

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PARTNERS

Martin J Chance
Steve D Pearce
Brian C Ross
Kevin N Salter



INVESTOR IN PEOPLE



Registered to carry on audit
work by The Institute of Chartered
Accountants in England & Wales.

CHELFHAM SENIOR SCHOOL LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT

Year ended 30 April 2003

	Note	2003 £	2002 £
GROSS PROFIT		1,675,539	1,488,347
Administrative expenses		<u>558,538</u>	<u>698,242</u>
OPERATING PROFIT	2	1,117,001	790,105
Interest receivable		<u>19,682</u>	<u>7,987</u>
Interest payable	5	<u>(1,209)</u>	<u>(1,924)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,135,474	796,168
Tax on profit on ordinary activities	6	<u>349,535</u>	<u>204,939</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		785,939	591,229
Extraordinary items	7	133,619	309,789
Balance brought forward		<u>619,826</u>	<u>338,386</u>
Balance carried forward		<u>1,272,146</u>	<u>619,826</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 15 form part of these abbreviated accounts.

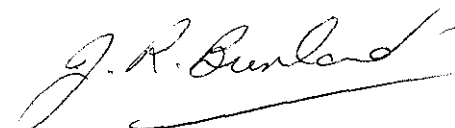
CHELFHAM SENIOR SCHOOL LIMITED**ABBREVIATED BALANCE SHEET**

30 April 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	<u>1,066,364</u>	<u>996,908</u>
CURRENT ASSETS			
Debtors	9	2,967,897	2,811,093
Cash at bank and in hand		<u>951,607</u>	<u>706,941</u>
		3,919,504	3,518,034
CREDITORS: Amounts falling due within one year	10	<u>1,778,990</u>	<u>1,640,988</u>
NET CURRENT ASSETS		<u>2,140,514</u>	<u>1,877,046</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,206,878</u>	<u>2,873,954</u>
CREDITORS: Amounts falling due after more than one year	11	1,927,420	2,249,961
		<u>1,279,458</u>	<u>623,993</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	6,312	3,167
		<u>1,273,146</u>	<u>620,826</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	1,000	1,000
Profit and loss account		<u>1,272,146</u>	<u>619,826</u>
SHAREHOLDERS' FUNDS	16	<u>1,273,146</u>	<u>620,826</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 2 September 2003 and are signed on their behalf by:



DR J R BURLAND M.Sc Ph.D

The notes on pages 9 to 15 form part of these abbreviated accounts.

CHELFHAM SENIOR SCHOOL LIMITED**CASH FLOW STATEMENT**

Year ended 30 April 2003

	2003 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	910,811	567,621
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	19,682	7,987
Interest paid	(27,048)	(26,548)
Interest element of hire purchase	(785)	(1,121)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(8,151)	(19,682)
TAXATION	(199,999)	(8,305)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(91,118)	(71,040)
Receipts from sale of fixed assets	2,349	2,701
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(88,769)	(68,339)
CASH INFLOW BEFORE FINANCING	613,892	471,295
FINANCING		
Repayment of bank loans	(242,934)	(31,101)
Capital element of hire purchase	(3,675)	9,823
Net (outflow)/inflow from other long-term creditors	(110,614)	79,329
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(357,223)	58,051
INCREASE IN CASH	256,669	529,346

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	1,117,001	790,105
Interest payable	26,624	25,745
Depreciation	20,252	15,152
(Profit)/Loss on disposal of fixed assets	(939)	3,782
Increase in debtors	(347,688)	(1,157,365)
Increase in creditors	95,561	890,202
Net cash inflow from operating activities	910,811	567,621

The notes on pages 9 to 15 form part of these abbreviated accounts.

CHELFHAM SENIOR SCHOOL LIMITED

CASH FLOW STATEMENT (continued)

Year ended 30 April 2003

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Increase in cash in the period	256,669	529,346
Net cash outflow from bank loans	242,934	31,101
Cash outflow in respect of hire purchase	3,675	(9,823)
Net cash outflow from/(inflow) from other long-term creditors	110,614	(79,329)
	<u>613,892</u>	<u>471,295</u>
Change in net debt	613,892	471,295
Net debt at 1 May 2002	(1,593,380)	(2,064,675)
Net debt at 30 April 2003	<u>(979,488)</u>	<u>(1,593,380)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2002 £	Cash flows £	At 30 Apr 2003 £
Net cash:			
Cash in hand and at bank	706,941	244,666	951,607
Overdrafts	(12,003)	12,003	-
	<u>694,938</u>	<u>256,669</u>	<u>951,607</u>
Debt:			
Debt due within 1 year	(34,682)	34,682	-
Debt due after 1 year	(2,243,530)	318,866	(1,924,664)
Hire purchase agreements	(10,106)	3,675	(6,431)
	<u>(2,288,318)</u>	<u>357,223</u>	<u>(1,931,095)</u>
Net debt	<u>(1,593,380)</u>	<u>613,892</u>	<u>(979,488)</u>

The notes on pages 9 to 15 form part of these abbreviated accounts.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	15% reducing balance
Motor Vehicles	25% reducing balance

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of owned fixed assets	16,558	10,227
Depreciation of assets held under hire purchase agreements	3,694	4,925
Loss on disposal of fixed assets	-	3,782
Profit on disposal of fixed assets	(939)	-
Auditors' remuneration		
- as auditors	10,000	10,000

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003 No	2002 No
Administrative staff	3	3
Management staff	4	4
Teaching staff and other	136	133
Directors	1	1
	<u>144</u>	<u>141</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	2,181,729	2,114,003
Social security costs	171,592	169,937
Other pension costs	34,656	33,647
	<u>2,387,977</u>	<u>2,317,587</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Emoluments receivable	-	181,500

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

5. INTEREST PAYABLE

	2003 £	2002 £
Interest payable on bank borrowing	424	803
Finance charges	785	1,121
	<u>1,209</u>	<u>1,924</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	346,390	246,180
Over/under provision in prior year	-	(35,088)
	<u>346,390</u>	<u>211,092</u>
Interest on corporation tax	-	(9,320)
Total current tax	<u>346,390</u>	<u>201,772</u>
Deferred tax:		
Increase in deferred tax provision (note 13)		
Capital allowances	3,145	3,167
Tax on profit on ordinary activities	<u>349,535</u>	<u>204,939</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>1,135,474</u>	<u>796,168</u>
Profit/(loss) on ordinary activities by rate of tax	340,642	238,850
Expenses not deductible for tax purposes	8,894	8,281
Movement on deferred taxation	(3,146)	(951)
Interest on corporation tax	-	(9,320)
Adjustment to provision in prior year	-	(35,088)
Total current tax (note 6(a))	<u>346,390</u>	<u>201,772</u>

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

7. EXTRAORDINARY ITEMS

	2003 £	2002 £
Extraordinary charges	190,884	456,450
Tax on extraordinary item	(57,265)	(146,661)
	<u>133,619</u>	<u>309,789</u>

As first disclosed in the 2001 accounts, 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 advisor was also a partner in the firm of the previous auditors, DEKM, and resigned from the partnership prior to the completion and approval of the 2001 accounts.

The company is currently taking action to recover all the amounts involved. As the outcome of this action is uncertain at this time, the directors have therefore provided against the part of this debt that exceeds the indemnity insurance cover of the advisor. The item above represents the increase in this debt during the year ended 30 April 2003 which, as it exceeds the insurance limit, is provided against in full. Given the nature of the alleged fraud, this is considered to be outside of the scope of the company's normal activities and so has been treated as an extraordinary item.

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 May 2002	928,960	133,960	55,556	1,118,476
Additions	45,051	37,977	8,090	91,118
Disposals	-	-	(10,569)	(10,569)
At 30 April 2003	<u>974,011</u>	<u>171,937</u>	<u>53,077</u>	<u>1,199,025</u>
DEPRECIATION				
At 1 May 2002	-	89,401	32,167	121,568
Charge for the year	-	12,381	7,871	20,252
On disposals	-	-	(9,159)	(9,159)
At 30 April 2003	<u>-</u>	<u>101,782</u>	<u>30,879</u>	<u>132,661</u>
NET BOOK VALUE				
At 30 April 2003	<u>974,011</u>	<u>70,155</u>	<u>22,198</u>	<u>1,066,364</u>
At 30 April 2002	<u>928,960</u>	<u>44,559</u>	<u>23,389</u>	<u>996,908</u>

Hire purchase agreements

Included within the net book value of £1,066,364 is £11,081 (2002 - £14,775) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £3,694 (2002 - £4,925).

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

9. DEBTORS

	2003 £	2002 £
Trade debtors	931,077	798,377
Longreach Limited	2,000,000	2,000,000
Other debtors	28,500	12,716
Prepayments and accrued income	8,320	-
	<u>2,967,897</u>	<u>2,811,093</u>

Longreach Limited represents a debt arising as a result of the alleged misappropriated funds detailed in note 8 to the financial statements.

10. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	-	46,685
Trade creditors	47,021	-
Corporation tax	177,932	88,806
PAYE and social security	60,910	47,060
Hire purchase agreements	3,675	3,675
Accruals and deferred income	1,489,452	1,454,762
	<u>1,778,990</u>	<u>1,640,988</u>

The bank loan and overdraft are secured by way of an unlimited debenture and also by charges over the freehold property at Kilworthy and Bere Alston

11. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Bank loans and overdrafts	-	208,252
Hire purchase agreements	2,756	6,431
Other creditors	1,924,664	2,035,278
	<u>1,927,420</u>	<u>2,249,961</u>

Other creditors consists of amounts owing to Chelfham Mill School, which is a company under common control.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

12. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	3,675	3,675
Amounts payable between 2 to 5 years	2,756	6,431
	<u>6,431</u>	<u>10,106</u>

13. DEFERRED TAXATION

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	3,167	-
Profit and loss account movement arising during the year	3,145	3,167
Provision carried forward	<u>6,312</u>	<u>3,167</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	6,312	3,167
	<u>6,312</u>	<u>3,167</u>

14. TRANSACTIONS WITH THE DIRECTORS

The company is controlled by Dr J R Burland, who also controls Chelfham Mill School Limited.

At 30 April 2003 the company owed Chelfham Mill School Limited £1,924,664 (2002 - £2,035,278).
This loan is unsecured and interest free.

CHELFHAM SENIOR SCHOOL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 30 April 2003

15. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	652,320	281,440
Opening shareholders' equity funds	<u>620,826</u>	<u>339,386</u>
Closing shareholders' equity funds	<u>1,273,146</u>	<u>620,826</u>