

# COXLEASE SCHOOL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST AUGUST 1998

### Directors' Responsibilities

Company law requires us as 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, we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

### Directors

A.P.Orchard, Esq.  
D.G.Hendley, Esq.  
D.K.Weston, Esq.  
J.E.Bloomfield, Esq.

All the above Directors of this Company are also Directors and Shareholders of the Holding Company, High Coxlease Limited.

On 16th October 1998, P.A. Davies was appointed as a Director.

### Secretary

D.K.Weston, Esq.

**Registration Number:** 2496463

### Registered Office

11 College Place  
London Road  
Southampton  
SO15 2FE

### Principal Activities

The principal activity of the company throughout the year was the operation of a residential school.

### Results

The profit for the year after tax amounted to £134,873. After dividends of £100,000, the balance of £34,873 was transferred to revenue reserve.



# **COXLEASE SCHOOL LIMITED**

## **DIRECTORS' REPORT - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998**

### **Review Of The Business**

The number of pupils on roll continued at the optimum level which could be taken based on bedroom availability. This meant that fees receivable for the year increased to £3,143,901.

The number of staff on roll increased to 134 at the end of August 1998 and remuneration of staff increased by over £270,000.

Assets purchased during the year included motor vehicles - £65,000, Successmaker computer system for Education - £16,937, CCTV and Fire Alarm System Update - £15,247.

New Office Accommodation cost £32,713.

During March 1998, the school was inspected by the Hampshire Social Services Inspectorate and gained a highly creditable report indicating many positive points which supplements previous inspections and the excellent 1996 OFSTED Report.

### **Future Developments**

In order to ensure that all boys have individual rooms:

- (i) a further satellite house in Southampton is to be purchased. This will have up to six boys in a residential setting who will return to Coxlease for their education.
- (ii) the development of an area previously occupied by a member of staff will, subject to planning permission, give five additional bedrooms and together with the present 'Paddocks' Reception Unit give a nine bedded self contained Unit for boys aged 9 - 11 years.

Future projects include changing our present 'Portakabin' type classroom units for purpose built brick ones. This project will take several years to complete.

### **Year 2000**

- (a) Coxlease School has assessed the risk by checking:
  - (i) with our software support company that our operating systems are Year 2000 compliant.
  - (ii) we have checked with our software supplier that the software in use by our hardware is Year 2000 compliant.
- (b) Regarding teaching systems, we do not have a great concern that any Year 2000 problems will occur. In-house, as stated in (a)(i), we have checked that our office computer systems are compliant.
- (c) There will be no additional costs to the Company due to Year 2000 because, as stated, our present systems are compliant.

# COXLEASE SCHOOL LIMITED

## DIRECTORS' REPORT - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### Directors' Interests

The interests of the Directors in the shares of the company at the beginning and end of the year, were as follows:

	Ordinary Shares of £1 Each			
	Coxlease School Limited		High Coxlease Limited	
	31.8.98	31.8.97	31.8.98	31.8.97
D.G. Hendley	-	-	17,250	17,250
A.P. Orchard	-	-	17,250	17,250
D.K. Weston	-	-	3,000	3,000
J.E. Bloomfield	-	-	-	-

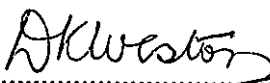
### Auditors

The auditors, Horwath Warner Marsh, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

### Medium Sized Company Provisions

This Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

### On behalf of the Board

  
.....  
Secretary

Date: March 12<sup>th</sup> 1999

# COXLEASE SCHOOL LIMITED

## AUDITORS' REPORT TO THE MEMBERS OF COXLEASE SCHOOL LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 8.

### **Respective Responsibilities of Directors and Auditors**

As described on page 1, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **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 mis-statement, 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.

### **Unqualified Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

*Horwath Warner Marsh*

*March 12<sup>th</sup> 1999.*

**HORWATH WARNER MARSH**

*Chartered Accountants  
and Registered Auditors*

11 College Place  
London Road  
Southampton  
SO15 2FE

# COXLEASE SCHOOL LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1998

	Note	1998 £	1997 £
<b>Turnover</b>	2	<b>3,143,901</b>	2,592,162
Administrative Expenses		<b>2,981,337</b>	2,581,222
		<hr/>	<hr/>
<b>Operating Profit</b>	3	<b>162,564</b>	10,940
Other interest receivable and similar income	5	<b>33,932</b>	38,716
		<hr/>	<hr/>
		<b>196,496</b>	49,656
Interest payable and similar charges		<b>1,720</b>	8,630
		<hr/>	<hr/>
<b>Profit on Ordinary Activities before Taxation</b>		<b>194,776</b>	41,026
Tax on profit on ordinary activities	6	<b>59,903</b>	10,200
		<hr/>	<hr/>
<b>Profit for the Financial Year</b>		<b>134,873</b>	30,826
Dividends	7	<b>100,000</b>	30,000
		<hr/>	<hr/>
<b>Retained Profit for the Financial Year</b>	13	<b>34,873</b>	826
		<hr/>	<hr/>

The above Profit And Loss Account contains all the gains and losses recognised in the current and preceding years.

The notes on pages 8 to 16 form an integral part of the financial statements.


# COXLEASE SCHOOL LIMITED

## BALANCE SHEET AT 31ST AUGUST 1998

	Note	1998 £	1997 £
<b>Fixed Assets</b>			
Tangible Assets	8	549,191	472,156
<b>Current Assets</b>			
Debtors	9	129,481	443,382
Cash at Bank and in Hand		586,222	379,983
		<u>715,703</u>	<u>823,365</u>
<b>Creditors</b>			
Amounts falling due within one year	10	1,111,518	1,187,018
		<u>395,815</u>	<u>(363,653)</u>
<b>Net Current Liabilities</b>			
		<u>153,376</u>	<u>108,503</u>
<b>Total Assets less Current Liabilities</b>			
Provision for Liabilities and Charges	11	16,800	6,800
		<u>136,576</u>	<u>101,703</u>
<b>Net Assets</b>			
		<u>136,576</u>	<u>101,703</u>
<b>Capital and Reserves</b>			
Called up Share Capital	12	50,000	50,000
Profit and Loss Account	13	86,576	51,703
		<u>136,576</u>	<u>101,703</u>
<b>Shareholders' Funds</b>	14	<u>136,576</u>	<u>101,703</u>

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

**On behalf of the Board**

  
.....  
**Director**

12. 3. 99  
.....  
**Date**

The notes on pages 8 to 16 form an integral part of these financial statements.

# COXLEASE SCHOOL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 1998

	Note	1998 £	1997 £
<b>Net Cash Inflows from Operating Activities</b>	19	376,622	336,666
<b>Returns on Investments and Servicing of Finance</b>			
Interest Received		23,770	38,487
Interest Paid		(41)	(8,630)
Interest Paid on Finance Leases		(1,679)	-
		<u>22,050</u>	<u>29,857</u>
<b>Taxation</b>			
Corporation Tax Paid		(10,415)	(4,376)
<b>Capital Expenditure</b>			
Payments to acquire Fixed Assets		(158,863)	(383,734)
Receipts from Sales of Fixed Assets		17,114	1,782
		<u>(141,749)</u>	<u>(381,952)</u>
<b>Equity Dividends Paid</b>		(110,000)	-
<b>Financing</b>	21		
New Finance Lease Agreement		51,680	-
Amounts Withdrawn by Directors (Repaid To)/Borrowed From		(2,945)	(500)
Parent Company		(26,026)	431,946
Finance Lease Capital Repayments		(17,195)	-
		<u>5,514</u>	<u>431,446</u>
<b>Increase in Cash</b>	20	<u>142,022</u>	<u>411,641</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
<b>Increase in Cash in the Year</b>		142,022	411,641
Cash advanced/repaid to Directors		2,945	500
Cash paid to/(from) Holding Company		26,026	(431,946)
Advanced under Finance Lease		(51,680)	-
Finance Lease Repayments		17,195	-
		<u>136,508</u>	<u>(19,805)</u>
Change in Net Funds		136,508	(19,805)
Net Funds at 1st September 1997		357,176	376,981
<b>Net Funds at 31st August 1998</b>		<u>493,684</u>	<u>357,176</u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 1998

### 1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

#### *Basis of Preparation of Financial Statements*

The financial statements have been prepared under the historic cost convention and in accordance with applicable accounting standards except that the Directors have taken advantage of certain provisions for medium sized companies.

#### *Depreciation*

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Freehold Property	- 1% per annum of cost
Fixtures, Fittings and Equipment	- 15% reducing balance
Property Improvements and	
Portable Classrooms	- 10% per annum of cost
Motor Vehicles	- 25% per annum of cost

#### *Deferred Taxation*

Deferred taxation is provided on the liability method to take account of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

#### *Pension Contributions*

The company contributes to pension schemes covering the Directors, teachers and other staff. The Directors and other staff schemes are defined contribution schemes. The teachers' scheme is a defined benefit scheme. Contributions are charged against profits in the year of payment.

#### *Leasing and Hire Purchase Commitments*

Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over the period of the lease.

The interest element of the rental obligations is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

### 2 Turnover

The company's turnover represents the amounts receivable for educational services provided.



# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 3 Operating Profit

*Operating Profit is stated after charging*

	1998 £	1997 £
Aggregate amounts of Directors' Emoluments:		
Directors' Remuneration	175,700	168,446
Benefits in Kind	14,424	13,738
Company Contributions to Money Purchase Pension Schemes	48,749	18,100
Total Directors' Emoluments	<u>238,873</u>	<u>200,284</u>

Retirement benefits are accruing under money purchase pension schemes to 2 directors (1997: 2)

Depreciation and Amortization of owned assets	58,139	35,664
Depreciation of Assets held under finance leases and hire purchase contracts	10,866	-
Auditors' Remuneration for audit services	<u>5,000</u>	<u>4,500</u>

### 4 Employees

	1998 £	1997 £
a) <i>Staff Costs:</i>		
Wages and Salaries	2,050,696	1,833,502
Social Security Costs	190,135	151,782
Other Pension Costs	102,977	54,103
BUPA	22,791	20,944
	<u>2,366,599</u>	<u>2,060,331</u>
b) <i>Average Number of Persons Employed</i>		
	1998 No.	1997 No.
<i>Category:</i>		
Directors	4	4
Administration	5	3
Teaching and Ancilliary Staff	120	100
	<u>129</u>	<u>107</u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 5 Other Interest Receivable and Similar Income

	1998 £	1997 £
Inter-Company Loan Interest	-	34,340
Other Interest	33,932	4,376
	<u>33,932</u>	<u>38,716</u>

### 6 Taxation on Ordinary Activities

	1998 £	1997 £
<i>Current Year:</i>		
Corporation Tax at 29.1% (1997: 22.3%)	49,903	10,200
Deferred Tax (Note 11)	10,000	-
<i>Prior Year:</i>		
Corporation Tax under/(over)provided	-	-
	<u>59,903</u>	<u>10,200</u>

### 7 Dividends

	1998 £	1997 £
<i>On Ordinary Shares</i>		
Interim Dividends paid	80,000	-
Proposed Dividends	20,000	30,000
	<u>100,000</u>	<u>30,000</u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 8 Tangible Fixed Assets

	Freehold Property £	Fixtures Fittings and Equipment £	Property Improvements and Portable Classrooms £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1st September 1997	200,000	140,852	203,526	76,661	621,039
Additions	-	54,381	35,434	69,048	158,863
Disposal	-	(1,500)	-	(40,743)	(42,243)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1998	200,000	193,733	238,960	104,966	737,659
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1st September 1997	-	64,725	40,182	43,976	148,883
Charge for the Year	2,000	19,418	29,381	18,206	69,005
Disposals	-	(1,020)	-	(28,400)	(29,420)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1998	2,000	83,123	69,563	33,782	188,468
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>					
At 31st August 1998	198,000	110,610	169,397	71,184	549,191
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1997	200,000	76,127	163,344	32,685	472,156
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Debtors

	1998 £	1997 £
<i>Receivable within one year:</i>		
Trade Debtors	61,003	418,780
Amount owed by holding company	4,225	-
Other Debtors	62,314	24,602
Directors' Current Accounts	1,939	-
	<hr/>	<hr/>
	129,481	443,382
	<hr/>	<hr/>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 10 Creditors - Amounts due within one Year

	1998 £	1997 £
Bank Loans and Overdrafts	64,217	-
Trade Creditors	22,156	72,598
Corporation Tax	50,210	10,721
Other Taxes and Social Security	61,330	52,591
Amount owed to Holding Company	-	2,698
Holding Company - Surrender of Advance Corporation Tax	-	19,103
Directors' Current Accounts	-	1,006
Deferred Income	815,164	962,887
Other Creditors	78,441	35,414
Dividend Payable	20,000	30,000
	<u>1,111,518</u>	<u>1,187,018</u>

#### *Secured Liabilities*

The bank overdraft is secured by a legal mortgage and charge over the assets of the company and supported by a cross-guarantee with the parent company.

Other creditors includes £34,485 in respect of hire purchase commitments secured on certain motor vehicles included in fixed assets at a net book value of £55,127.

### 11 Deferred Tax

At 1st September 1997	6,800
Transfer during the year (Note 6)	10,000
	<u>16,800</u>
At 31st August 1998	<u>16,800</u>

The deferred tax provision represents the taxation on the difference between the book amount of assets and their corresponding tax values.

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 12 Share Capital

	1998 £	1997 £
<i>Authorised:</i>		
50,000 Ordinary Shares of £1 each	50,000	50,000
	<hr/>	<hr/>
<i>Allotted, Issued, Called Up and Fully Paid:</i>		
Ordinary Shares of £1 each	50,000	50,000
	<hr/>	<hr/>

All the issued shares carry the same rights to receive dividends and distributions and the same full voting rights.

### 13 Reserves

*(All the reserves are attributable to equity)*

	Profit & Loss £
At 1st September 1997	51,703
Retained Profit	34,873
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At 31st August 1998	86,576
	<hr/>

### 14 Reconciliation of Movements in Shareholders Funds

The retained profit represents the only movement in Shareholders' Funds in the current and preceding years.

### 15 Contingent Liabilities

The company has entered into a cross-guarantee in respect of the parent company (High Coxlease Limited) with Midland Bank PLC.

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 16 Pension Costs

As described in Note 1, payments to pension schemes are charged against profit. The charge for the year was £102,976 (1997: £54,103).

### 17 Parent Undertaking

The ultimate parent company is High Coxlease Limited, a company registered in England and Wales.

### 18 Operating Leases

Rentals due next year may be analysed as follows:

	1998 £	1997 £
Leases expiring during the next year	-	1,520
Leases expiring after next year but within 5 years: Office Equipment	1,770	-
Land and buildings: Lease expiring after more than five years	66,000	66,000
	<u>67,770</u>	<u>67,520</u>

### 19 Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities

	1998 £	1997 £
Operating Profit	162,564	10,940
Depreciation Charge	69,005	35,664
(Profit)/Loss on Sale of Fixed Assets	(4,291)	2,233
Decrease/(Increase) in Debtors	330,227	8,547
(Decrease)/Increase in Creditors	(180,883)	279,282
Net Cash (Outflow)/Inflow from Operating Activities	<u>376,622</u>	<u>336,666</u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 20 Analysis of Changes in Bank Balances During the Year

	1998 £	1997 £
Balances at 1st September 1997	379,983	(31,658)
Net Cash (Outflow)/Inflow	142,022	411,641
	<hr/>	<hr/>
Balances at 31st August 1998	522,005	379,983
	<hr/>	<hr/>

### 21 Analysis of Changes in Net Funds

	Cash at Bank and in Hand £	Bank Loans & Overdraft £	Finance Lease £	Directors' Current Accounts £	Holding Company £	Total £
At 1st September 1996	53,278	(84,936)	-	(1,506)	410,145	376,981
Cashflows	326,705	84,936	-	500	(431,946)	(19,805)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1997	379,983	-	-	(1,006)	(21,801)	357,176
Cashflows	206,239	(64,217)	(34,485)	2,945	26,026	136,508
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st August 1998	586,222	(64,217)	(34,485)	1,939	4,225	493,684
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### 22 Transactions with Directors

The Directors of this company are also Directors of the parent company, High Coxlease Limited. Transactions between the companies are set out in Note 23.

A.P. Orchard was overdrawn at the beginning of the year by £316. During the year, he borrowed £8,200 from the company and was charged £245 interest on the amount, £4,500 was repaid and the balance at the year end was £4,261 due to the company. The maximum amount on which the account was overdrawn during the year was £7,516.

D.G. Hendley paid £1,000 to the company and the balance of £2,322 is due by the company at the year end.

# COXLEASE SCHOOL LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 1998

### 23 Related Parties

#### *Control*

The company is controlled by D.G. Hendley and A.P. Orchard through the parent company, High Coxlease Limited. Their shareholdings are shown in the Directors' Report on page 3.

#### *Transactions*

The transactions between this company and the Directors are set out in Note 2.

Transactions with the holding company are as follows:

	1998 £	1997 £
<b>Revenue</b>		
Rent paid	66,000	66,000
Dividend proposed/paid	80,000	30,000
Interest received	-	34,340
Service charges received	1,500	1,500
<b>Capital</b>		
Purchase of property from holding company	-	200,000
Net movement on inter-company account	(56,025)	491,947
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