

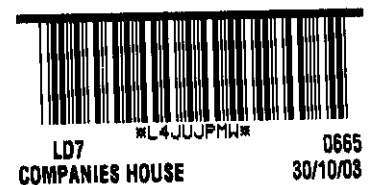
# ASQUITH COURT HOLDINGS LIMITED

Annual report

for the year ended

28 February 2003

Registered Number: 2512315



# ASQUITH COURT HOLDINGS LIMITED

## Annual report

for the year ended 28 February 2003

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# ASQUITH COURT HOLDINGS LIMITED

## Directors' report for the year ended 28 February 2003

The directors present their report and the audited financial statements of the company and the group for the year ended 28 February 2003.

### Principal activities

The principal activity of the group is the operation of private schools and nurseries.

The consolidated profit and loss account for the year is set out on page 4.

### Review of business and future developments

The board are pleased with the continued progress of the group. The board is confident of further progress in the coming year.

On 12 June 2002, the group acquired 100% of the issued share capital of Downsend Parent Company Limited and its subsidiary undertakings, Downsend Limited and Downsend School Limited, at a cost of £7,456,000. The post-acquisition results of the Downsend Group have been presented separately in the profit and loss account in accordance with FRS3.

### Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2002: £nil). The retained profit of the group for the financial year of £4,760,000 (2002: £2,258,000) will be transferred to reserves.

### Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

### Directors

The directors of the company during the year, are listed below:

P B Rhodes  
P Aughterson  
R A Ring  
J Cross

(resigned 11 November 2002)

### Directors' interests

None of the directors of the company had interests in the shares of the company during the year.

The interest of the directors in the ultimate parent company, Chestnutbay Limited, at 28 February 2003 are shown in that company's directors report.

### Employees

The group's policy is to ensure that all employees are fully trained and aware of all matters likely to affect employees' interests. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

There is no employee share scheme or profit sharing scheme at present. The group'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

# ASQUITH COURT HOLDINGS LIMITED

retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

## **Directors' responsibilities statement**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. The directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 28 February 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Auditors**

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next annual general meeting.

By order of the Board



**R Ring**  
**Company Secretary**

27 October 2003

# **Independent auditors' report to the members of ASQUITH COURT HOLDINGS LIMITED**

We have audited the financial statements, which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the consolidated cash flow statement, the company and group balance sheets and the related notes.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

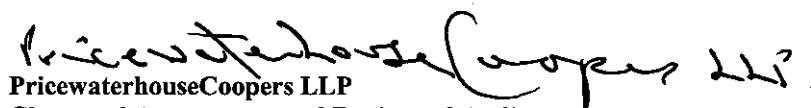
## **Basis of audit opinion**

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 affairs of the company and the group at 28 February 2003 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors  
London

29 October 2003

# ASQUITH COURT HOLDINGS LIMITED

## Consolidated profit and loss account for the year ended 28 February 2003

	Note	Year ended 28 February 2003 £'000	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000	6 months ended 28 February 2002 £'000
<b>Turnover</b>	2				
Continuing operations		35,159		16,593	
Acquisitions		<u>3,684</u>		<u>-</u>	
			38,843		16,593
Less: share of joint venture's turnover			<u>(1,473)</u>		<u>(653)</u>
<b>Group turnover</b>			37,370		15,940
Staff costs	3,5		(20,535)		(8,825)
Administrative expenses	3		<u>(10,215)</u>		<u>(4,075)</u>
<b>Operating profit before depreciation and amortisation</b>			7,754		3,684
Depreciation and amortisation			<u>(1,134)</u>		<u>(644)</u>
Continuing operations	3	5,906		3,040	
Acquisitions	3	<u>714</u>		<u>-</u>	
<b>Operating profit</b>			6,620		3,040
Share of profit in joint ventures			<u>318</u>		<u>112</u>
<b>Group operating profit</b>			6,938		3,152
Net interest receivable/(payable)	6		<u>30</u>		<u>(7)</u>
<b>Profit on ordinary activities before taxation</b>	7		6,968		3,145
Tax on profit on ordinary activities	8		<u>(2,208)</u>		<u>(887)</u>
<b>Profit on ordinary activities after taxation</b>			4,760		2,258
Dividends			<u>-</u>		<u>-</u>
<b>Retained profit for the year</b>	20		<u>4,760</u>		<u>2,258</u>

# ASQUITH COURT HOLDINGS LIMITED

## Statement of total recognised gains and losses for the year ended 28 February 2003

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Profit for the financial year	4,760	2,258
Total recognised gains for the year	4,760	2,258
Prior period adjustment	-	(397)
Total gains and losses recognised since last annual report	4,760	1,861

There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

The notes on pages 9 to 23 form part of these financial statements.

# ASQUITH COURT HOLDINGS LIMITED

## Consolidated balance sheet at 28 February 2003

	Note	28 February 2003 £'000	28 February 2002 £'000
<b>Fixed assets</b>			
Intangible assets	9		
- Goodwill		2,029	2,171
- Negative goodwill		(97)	-
		<u>1,932</u>	<u>2,171</u>
Tangible assets	10	<u>39,135</u>	<u>31,722</u>
		<u>41,067</u>	<u>33,893</u>
Investment in joint ventures:	11		
Share of gross assets		885	623
Share of gross liabilities		(833)	(562)
		<u>52</u>	<u>61</u>
Investments	12	<u>101</u>	<u>-</u>
<b>Total fixed assets</b>		<u>41,220</u>	<u>33,954</u>
<b>Current assets</b>			
Stocks	13	15	11
Debtors	14	5,260	1,965
Cash at bank and in hand		<u>4,620</u>	<u>1,811</u>
		<u>9,895</u>	<u>3,787</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(10,629)</u>	<u>(6,228)</u>
<b>Net current liabilities</b>		<u>(734)</u>	<u>(2,441)</u>
<b>Total assets less current liabilities</b>		<u>40,486</u>	<u>31,513</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(17,482)</u>	<u>(13,189)</u>
<b>Provision for liabilities and charges</b>	17	<u>(117)</u>	<u>(197)</u>
<b>Net assets</b>		<u>22,887</u>	<u>18,127</u>
<b>Capital and reserves</b>			
Called up share capital	19	13	13
Share premium account	20	8,235	8,235
Capital redemption reserve	20	180	180
Revaluation reserve	20	19	19
Profit and loss account	20	<u>14,440</u>	<u>9,680</u>
<b>Equity shareholders' funds</b>	21	<u>22,887</u>	<u>18,127</u>

The financial statements on pages 4 to 23 were approved by the board directors on 7 October 2003 and were signed on its behalf by:

Director *Jan A...*



# ASQUITH COURT HOLDINGS LIMITED

## Company balance sheet as at 28 February 2003

	Note	28 February 2003 £'000	28 February 2002 £'000
<b>Fixed assets</b>			
Investments	12	<u>17,763</u>	<u>17,763</u>
<b>Current assets</b>			
Debtors	14	<u>7,852</u>	<u>7,948</u>
		7,852	7,948
Creditors: amounts falling due within one year	15	<u>(3,314)</u>	<u>(3,227)</u>
Net current assets		<u>4,538</u>	<u>4,721</u>
Total assets less current liabilities		22,301	22,484
Creditors: amounts falling due after more than one year	16	<u>(16,729)</u>	<u>(16,800)</u>
Net assets		<u>5,572</u>	<u>5,684</u>
<b>Capital and reserves</b>			
Called up share capital	19	13	13
Share premium account	20	8,235	8,235
Capital redemption reserve	20	180	180
Profit and loss account	20	<u>(2,856)</u>	<u>(2,744)</u>
Equity shareholders' funds		<u>5,572</u>	<u>5,684</u>

The financial statements on pages 4 to 23 were approved by the board of directors on 27 October and were signed on its behalf by:

Director *John Cross*

# ASQUITH COURT HOLDINGS LIMITED

## Consolidated cash flow statement for the year ended 28 February 2003

	Note	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Net cash inflow from operating activities	22	<u>5,822</u>	<u>7,777</u>
Dividends received from joint venture		<u>300</u>	<u>190</u>
Returns on investment and servicing of finance			
Interest received/(paid)		<u>5</u>	<u>(18)</u>
<b>Taxation</b>			
UK corporation tax paid		<u>(443)</u>	<u>-</u>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		<u>(1,672)</u>	<u>(442)</u>
Sale of tangible fixed assets		<u>484</u>	<u>-</u>
Purchase of other fixed assets investments		<u>(1)</u>	<u>-</u>
Provision of loans to joint venture		<u>(100)</u>	<u>-</u>
		<u>(1,289)</u>	<u>(442)</u>
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings	25	<u>(7,456)</u>	<u>-</u>
Net cash acquired with subsidiary undertakings	25	<u>1,777</u>	<u>-</u>
		<u>(5,679)</u>	<u>-</u>
<b>Cash (outflow)/inflow before financing</b>		<u>(1,284)</u>	<u>7,507</u>
<b>Financing</b>			
Long term intercompany funding		<u>4,093</u>	<u>(5,015)</u>
<b>Net cash inflow/(outflow) from financing</b>		<u>4,093</u>	<u>(5,015)</u>
<b>Increase in cash</b>	23	<u>2,809</u>	<u>2,492</u>

# ASQUITH COURT HOLDINGS LIMITED

## Notes to the financial statements for the year ended 28 February 2003

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Basis of consolidation**

The consolidated financial statements include the company and its subsidiary and joint venture undertakings. The results of subsidiary undertakings acquired or disposed of during the period are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. The joint ventures are accounted for under the gross equity method of accounting.

#### **Intangible fixed assets**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given, including incidental costs of acquisition, over the fair value of the identifiable net assets acquired. Negative goodwill arises from the excess of the fair value of net assets acquired over the purchase consideration. Goodwill arising on the acquisition of subsidiaries is eliminated by amortisation through the profit and loss account over a period of twenty years.

#### **Stock**

Stock is valued at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving items.

#### **Tangible fixed assets**

The cost of land and buildings is their purchase cost plus any incidental costs of acquisition. Purchases and disposals are included in the financial statements once exchange of contract has taken place and completion is expected.

Freehold interests in land and buildings are stated either at cost or at valuation plus any additions, since the date of valuation, at cost. Full valuations of freehold land and buildings are made by independent professionally qualified valuers or the directors periodically.

The cost of other fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2% on cost
Leasehold land and buildings	over the life of the lease
Motor vehicles	25% on cost
Fixtures, fittings and equipment	10% to 33% on cost

Freehold land is not depreciated.

# ASQUITH COURT HOLDINGS LIMITED

## **Changes in the estimates used for the depreciation of tangible fixed assets**

On 1 March 2002, the directors revised their estimate of the historic cost of non-depreciable freehold land to £14,450,000 (2002: £nil). In addition, the directors revised their estimate of the residual value of the freehold buildings to £10,075,000 (2002: £nil). This has resulted in a depreciation charge for the year in respect of freehold buildings of £218,000. If the revisions in estimates were not made the depreciation charge for the year would have been £639,000.

The directors consider the revised estimates of land values and residual values of freehold land and buildings to more fairly reflect the underlying values of the assets involved.

## **Pension scheme arrangements**

The group participates in a number of pension schemes.

The group pays contributions to the personal pension funds of certain individual employees, and to the Teachers Superannuation Scheme. These are charged to the profit and loss account in the period in which they are incurred.

The group provides no other post retirement benefits to its employees.

## **Taxation**

The charge for taxation is based on the profit for the period as adjusted for disallowable items. Deferred taxation had been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

## **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

## **Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease on a straight line basis over the lease term. Costs in respect of operating leases are charged on a straight line basis over the lease term.

## **2 Turnover**

Turnover represents fees receivable for the provision of Nursery and School education and associated goods and services. Turnover also includes fees receivable for the management of various nurseries and creches on behalf of third parties. Fees invoiced in advance are carried forward as deferred income.

All turnover is derived from goods and services provided in the United Kingdom.

# ASQUITH COURT HOLDINGS LIMITED

## 3 Staff costs, administrative expenses, depreciation and amortisation.

	Continuing operations	Acquisitions	2003 Total	2002 Total
	£'000	£'000	£'000	£'000
Turnover	33,686	3,684	37,370	15,940
Staff costs	(18,479)	(2,174)	(20,653)	(8,825)
Administrative expenses	(9,301)	(796)	(10,097)	(4,075)
Operating profit	<u>5,906</u>	<u>714</u>	<u>6,620</u>	<u>3,040</u>

## 4 Directors' emoluments

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Aggregate emoluments (excluding pensions)	-	-
Pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

Retirement benefits accrue to no directors (2002: no directors) under a money purchase scheme.

The directors were paid by the ultimate parent company, Chestnutbay Limited.

# ASQUITH COURT HOLDINGS LIMITED

## 5 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was as follows:

	Year ended 28 February 2003	6 months ended 28 February 2002
	Number	Number
Teaching	2,055	2,175
Marketing and administration	188	212
	<u>2,243</u>	<u>2,387</u>

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
<b>Staff costs:</b>		
For the above persons:		
Wages and salaries	18,060	7,738
Social security costs	1,320	511
Other pension costs	375	177
	<u>19,755</u>	<u>8,426</u>
Agency staff costs	780	399
<b>Total staff costs</b>	<u>20,535</u>	<u>8,825</u>

## 6 Interest payable and similar charges

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Bank overdraft interest payable	-	18
Bank deposit interest receivable	(10)	-
Less: Joint venture interest receivable	<u>(20)</u>	<u>(11)</u>
	<u>(30)</u>	<u>7</u>

# ASQUITH COURT HOLDINGS LIMITED

## 7 Profit on ordinary activities before taxation

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Profit on ordinary activities before taxation is stated after charging:		
Goodwill amortisation	138	71
Depreciation charge:		
- tangible owned assets	995	573
Loss on disposal of fixed assets	73	-
Auditors' remuneration – group	64	35
Hire of other assets		
- land and buildings	662	321

In addition, the auditors were paid £56,000 in respect of services provided to the group on the acquisition of the Downsends Group.

## 8 Tax on profit on ordinary activities

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Analysis of charge in year		
<b>Current tax</b>		
United Kingdom corporation tax at 30% (2002: 30%) - group	2,363	1,069
- joint venture	47	23
	2,410	1,092
<b>Deferred tax</b>		
Origination and reversal of timing differences	(202)	(205)
<b>Tax on profit on ordinary activities</b>	2,208	887

# ASQUITH COURT HOLDINGS LIMITED

The tax assessed for the year is different to the standard rate of UK Corporation tax (30%). The differences are explained below:

	Year ended 28 February 2003 £'000	6 months ended 28 February 2002 £'000
Profit on ordinary activities before taxation	<u>6,968</u>	<u>3,145</u>
Profit on ordinary activities multiplied by standard rate of UK corporation tax at 30% (2002: 30%)	2,090	944
Expenses not deductible for tax purposes	148	108
Depreciation for year in excess of capital allowances	<u>172</u>	<u>40</u>
	<u>2,410</u>	<u>1,092</u>

## 9 Intangible fixed assets

Group	Goodwill £'000	Negative goodwill £'000	Total £'000
<b>Cost</b>			
At 28 February 2002	2,844	-	2,844
Additions	-	(101)	(101)
<b>At 28 February 2003</b>	<u>2,844</u>	<u>(101)</u>	<u>2,743</u>
<b>Amortisation</b>			
At 28 February 2002	673	-	673
Amortisation	142	(4)	138
<b>At 28 February 2003</b>	<u>815</u>	<u>(4)</u>	<u>811</u>
<b>Net book value</b>			
<b>At 28 February 2003</b>	<u>2,029</u>	<u>(97)</u>	<u>1,932</u>
At 28 February 2002	<u>2,171</u>	<u>-</u>	<u>2,171</u>

Goodwill arose on the purchase of the entire share capital of Asquith Court Schools Limited by the company in November 1991, the purchase of London Montessori Centre Ltd, Montessori International Publishing Ltd, London Montessori Centre Equipment Company Limited and Montessori Teachers Agency Limited in June 1996 and on the purchase of Gatehouse Nursery Services Limited, GNS Property Services Ltd and Gatehouse Nursery Services (Surrey) Limited in June 1999.

Negative goodwill of £101,000 arose on the acquisition of the Downsend Group on 12 June 2002 (see note 25).

### Company

The company has no intangible fixed assets (2002: £nil).



# ASQUITH COURT HOLDINGS LIMITED

## 10 Tangible fixed assets

Group	Freehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 28 February 2002	29,308	2,885	4,037	262	36,492
Additions	940	54	441	237	1,672
Acquired with subsidiary	6,619	212	459	3	7,293
Disposals	(501)	-	-	(156)	(657)
<b>At 28 February 2003</b>	<b>36,366</b>	<b>3,151</b>	<b>4,937</b>	<b>346</b>	<b>44,800</b>
<b>Depreciation</b>					
At 28 February 2002	1,580	666	2,387	137	4,770
Charge for year	218	153	551	73	995
Eliminated on disposal	(14)	-	-	(86)	(100)
<b>At 28 February 2003</b>	<b>1,784</b>	<b>819</b>	<b>2,938</b>	<b>124</b>	<b>5,665</b>
<b>Net book amount</b>					
<b>At 28 February 2003</b>	<b>34,582</b>	<b>2,332</b>	<b>1,999</b>	<b>222</b>	<b>39,135</b>
At 28 February 2002	27,728	2,219	1,650	125	31,722

Included in freehold land and buildings is freehold land at cost of £14,450,000 which is not depreciated.

### Company

The company has no tangible fixed assets (2002: £nil).

## 11 Investment in joint ventures

Group	28 February 2003 £'000	28 February 2002 £'000
<b>Group interest in joint ventures:</b>		
28 February 2002	61	156
Share of joint ventures' net loss in the year	(9)	(95)
<b>Share of net assets at 28 February 2003</b>	<b>52</b>	<b>61</b>

# ASQUITH COURT HOLDINGS LIMITED

The group has a 50% interest in the issued share capital of St Nicholas Preparatory School Limited, a company incorporated in the UK and involved in the operation of a private school and a teacher training college.

During the year, the group acquired a 50% interest in the issued share capital of Asquith Jarvis Limited, a company incorporated in the UK and involved in the management of nurseries.

## 12 Investments

Group	Loans to joint ventures £'000	Other investments £'000	Total £'000
At 1 March 2002	-	-	-
Additions	100	1	101
At 28 February 2003	<u>100</u>	<u>1</u>	<u>101</u>

Company	28 February 2003 £'000	28 February 2002 £'000
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### Cost and net book value of interests in group undertakings

At 28 February 2002	<u>17,763</u>	<u>17,763</u>
At 28 February 2003	<u>17,763</u>	<u>17,763</u>

The following information relates to the principal group undertakings:

Group undertaking	Country of incorporation	Proportion of voting rights and share capital	Nature of business
Asquith Court Schools Limited	UK	100%	Operation of private schools and nurseries
Asquith Court Nurseries Limited	UK	100%	Management of nurseries & crèches
Asquith Court St Nicholas Limited	UK	100%	Holding company
GNS Property Services Limited	UK	100%	Non trading
Gatehouse Nursery Services (Surrey) Limited	UK	100%	Non trading
Downsend Parent Company Limited*	UK	100%	Management of property
Downsend Limited*	UK	100%	Intermediate holding company
Downsend School Limited*	UK	100%	School proprietor

\* These investments are held indirectly through Asquith Court Schools Limited.

# ASQUITH COURT HOLDINGS LIMITED

## 13 Stocks

Group	28 February 2003 £'000	28 February 2002 £'000
Finished goods and goods for resale	<u>15</u>	<u>11</u>

The company has no stocks.

## 14 Debtors

	Group 28 February 2003 £'000	Company 28 February 2003 £'000	Group 28 February 2002 £'000	Company 28 February 2002 £'000
<b>Amounts falling due after more than one year</b>				
Amount due from subsidiary undertakings	-	7,455	-	7,599
Amount due from parent companies	<u>4,209</u>	<u>-</u>	<u>1,088</u>	<u>-</u>
	4,209	7,455	1,088	7,599
<b>Amounts falling due within one year</b>				
Trade debtors	568	-	494	-
Other debtors	132	397	64	349
Prepayments and accrued income	<u>351</u>	<u>-</u>	<u>319</u>	<u>-</u>
	<u>5,260</u>	<u>7,852</u>	<u>1,965</u>	<u>7,948</u>

# ASQUITH COURT HOLDINGS LIMITED

## 15 Creditors: amounts falling due within one year

	Group 28 February 2003 £'000	Company 28 February 2003 £'000	Group 28 February 2002 £'000	Company 28 February 2002 £'000
Bank overdraft	-	3,314	-	3,227
Trade creditors	460	-	319	-
Corporation tax	3,947	-	1,965	-
Other taxation and social security	463	-	287	-
Other creditors	1,031	-	804	-
Accruals and deferred income	4,017	-	2,460	-
Deposits	711	-	393	-
	<u>10,629</u>	<u>3,314</u>	<u>6,228</u>	<u>3,227</u>

The group has an overdraft facility of £3 million. The overdraft is secured by fixed and floating charges over certain assets of the group.

## 16 Creditors: amounts falling due after more than one year

	Group 28 February 2003 £'000	Company 28 February 2003 £'000	Group 28 February 2002 £'000	Company 28 February 2002 £'000
Amounts due to parent companies	17,282	16,729	13,189	16,800
Fees paid in advance	200	-	-	-
	<u>17,482</u>	<u>16,729</u>	<u>13,189</u>	<u>16,800</u>

Amounts owed to parent companies are interest free and have no fixed terms of repayment.

# ASQUITH COURT HOLDINGS LIMITED

## 17 Provisions for liabilities and charges

Deferred tax provided in these financial statements is as follows:

	£'000
Deferred tax liability at 1 March 2002	197
Credited to profit and loss account (see note 8)	(202)
Acquired with subsidiary undertaking (see note 25)	122
<b>Deferred tax liability at 28 February 2003</b>	<b><u>117</u></b>

	<b>Provided</b> <b>28 February</b> <b>2003</b>	<b>28 February</b> <b>2002</b> <b>£'000</b>
Accelerated capital allowances	<u>117</u>	<u>197</u>

No provision has been made in the group financial statements for deferred tax on a revaluation surplus arising in respect of properties in a subsidiary undertaking as it is not that company's intention to dispose of the properties in the foreseeable future.

There is no other unprovided deferred tax (2002: £nil)

The company has no deferred taxation (2002: £nil).

## 18 Pension and similar obligations

The group participates in a number of pension schemes, including the payment of contributions to personal pension funds of certain individual employees, and to the Teachers Superannuation Scheme. These schemes are of a defined contribution type. The total pension cost for the group was £495,000 (2002: £177,000).

## 19 Called up share capital

	<b>28 February</b> <b>2003</b> <b>£'000</b>	<b>28 February</b> <b>2002</b> <b>£'000</b>
<b>Authorised</b>		
20,362,611 ordinary shares of 1p each	204	204
	<u>204</u>	<u>204</u>
<b>Issued, allotted and fully paid</b>		
1,261,100 ordinary shares of 1p each	13	13
	<u>13</u>	<u>13</u>

# ASQUITH COURT HOLDINGS LIMITED

## 20 Reserves

	Company and group capital redemption reserve £'000	Company and group share premium account £'000	Group revaluation reserve £'000	Group profit and loss account £'000	Company profit and loss account £'000
At 28 February 2002	180	8,235	19	9,680	(2,744)
Retained profit/(loss) for the year	-	-	-	4,760	(112)
<b>At 28 February 2003</b>	<b>180</b>	<b>8,235</b>	<b>19</b>	<b>14,440</b>	<b>(2,856)</b>

As permitted by section 230 of the Companies Act 1985, the company's profit and loss account has not been included in these financial statements. The company's loss for the financial year was £112,000 (2002: £57,000).

## 21 Reconciliation of movements in shareholders' funds

	28 February 2003 £'000	28 February 2002 £'000
<b>Group</b>		
Opening shareholders' funds	18,127	16,266
Prior year adjustments – deferred tax	-	(397)
Opening shareholders' funds as restated	18,127	15,869
Profit for the year	4,760	2,258
<b>Closing shareholders' funds</b>	<b>22,887</b>	<b>18,127</b>

## 22 Reconciliation of operating profit to net cash inflow from operating activities

	28 February 2003 £'000	28 February 2002 £'000
Operating profit	6,620	3,040
Amortisation of intangible fixed assets	138	71
Depreciation of tangible fixed assets	995	573
(Increase)/decrease in debtors	(2,650)	6,762
Increase/(decrease) in creditors	646	(2,669)
Loss on disposal of fixed assets	73	-
<b>Net cash inflow from operating activities</b>	<b>5,822</b>	<b>7,777</b>

# ASQUITH COURT HOLDINGS LIMITED

## 23 Reconciliation of net cash flow to movement in net debt

	28 February 2003 £'000	28 February 2002 £'000
Increase in cash in year	(2,809)	(2,492)
Cash inflow/(outflow) from debt finance	4,093	(5,015)
Net debt at 1 March 2002	<u>11,378</u>	<u>18,885</u>
Net debt at 28 February 2003	<u>12,662</u>	<u>11,378</u>

## 24 Analysis of net debt

	At 28 February 2002 £'000	Cash flow £'000	At 28 February 2003 £'000
Cash at bank and in hand	1,811	2,809	4,620
Loan – due after one year	<u>(13,189)</u>	<u>(4,093)</u>	<u>(17,282)</u>
Total	<u>(11,378)</u>	<u>(1,284)</u>	<u>(12,662)</u>

# ASQUITH COURT HOLDINGS LIMITED

## 25 Acquisitions

On 12 June 2002, Asquith Court Schools Limited, a subsidiary undertaking of the company, acquired 100% of the issued share capital of Downsend Parent Company Limited and its subsidiary undertakings, Downsend Limited and Downsend School Limited, at a cost of £7,456,000.

The net assets acquired and the resulting goodwill arising on consolidation of the Downsend Group are shown below.

	Book value	Revaluations	Provisional fair value
	£'000	£'000	£'000
Tangible fixed assets	4,264	3,029	7,293
Stock	4	-	4
Debtors	641	-	641
Creditors	(2,036)	-	(2,036)
Deferred taxation	(122)	-	(122)
Cash	1,777	-	1,777
Net assets acquired	<u>4,528</u>	<u>3,209</u>	7,557
Goodwill			(101)
Consideration – satisfied by cash			<u>7,456</u>

Revaluation adjustments in respect of tangible fixed assets comprise the valuations of certain freehold properties. These revaluations are provisional and may be subject to revision in the year ended 28 February 2004. Any adjustments made will be reflected in the goodwill calculation.

## 26 Capital commitments and contingent liabilities

A composite guarantee by each of the group companies exists in favour of Bank of Scotland as security for the group's bank loan of £36 million.

The group committed facilities totalling £2.5m to its joint venture, Asquith Jarvis Limited, of which only £0.1m had been advanced at 28 February 2003.



# ASQUITH COURT HOLDINGS LIMITED

## 27 Financial commitments

At 28 February 2003, the group had annual commitments under non-cancellable operating leases as follows:

Land and buildings	28 February 2002 £'000	28 February 2002 £'000
Expiring within one year	-	-
Expiring between two and five years	82	20
Expiring in over five years	522	622
	<u>604</u>	<u>642</u>

## 28 Ultimate parent company

The immediate parent undertaking is Acorndrift Limited.

The ultimate parent company is Chestnutbay Limited, a company incorporated in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Chestnutbay Limited, Orbital House, Park View Road, Berkhamsted, Hertfordshire HP4 3EY.

## 29 Post balance sheet events

On 1 June 2003 a subsidiary undertaking, Asquith Court Schools Limited, acquired the entire issued share capital of the Rivertide Nursery Group and on the 1 July 2003 it acquired the entire share capital of the Secret Garden Group, both for cash consideration.

## 30 Related party transactions

The group has taken advantage of the exemption not to disclose transactions with related parties under Financial Reporting Standard 8 – Related Parties, as it is a wholly owned subsidiary of Chestnutbay Limited and all relevant transactions are disclosed in that company's consolidated financial statements.

During the year, the following transactions were undertaken with one of the group's joint ventures, Asquith Jarvis Limited.

	£'000
Loan advanced to joint venture (see note 26)	100
Interest receivable on loan	4
Management fee receivable from joint venture	55
Expenses paid on behalf of the joint venture	33
Amount owed by joint venture at 28 February 2003	<u>192</u>

In addition, the group received dividend income of £300,000 from another of its joint ventures, St Nicholas Preparatory School Limited.