

ASQUITH COURT HOLDINGS LIMITED

Annual report

for the 6 months ended

28 February 2002

Registered Number: 2512315



ASQUITH COURT HOLDINGS LIMITED

Annual report

for the 6 months ended 28 February 2002

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ASQUITH COURT HOLDINGS LIMITED

Directors' report for the 6 months ended 28 February 2002

The directors present their report and the audited financial statements of the company and the group for the 6 months ended 28 February 2002.

Principal activities

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

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

Review of business and future developments

The board are pleased with the continued progress of the group. Turnover was up over 11% compared with the same period last year with a similar increase at the EBIT level. The board is confident of further progress in the coming period.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2001: £nil). The retained profit of the group for the financial period of £2,258,000 (2001: £1,218,000 restated) will be transferred to reserves.

Changes in fixed assets

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

Directors

The directors of the company at 28 February 2002, all of whom have been directors for the whole of the period ended on that date, are listed below:

P B Rhodes
P Aughterson
R A Ring
J Cross

Directors' interests

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

The interest of the directors in the ultimate parent company, Chestnutbay Limited, at 28 February 2002 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 retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

ASQUITH COURT HOLDINGS LIMITED

Directors' responsibilities statement

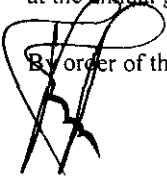
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 the group 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company and the group will be proposed at the annual general meeting.



By order of the Board

R Ring
Secretary

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 company and group balance sheets, the cash flow statement, the statement of total recognised gains and losses 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.

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.

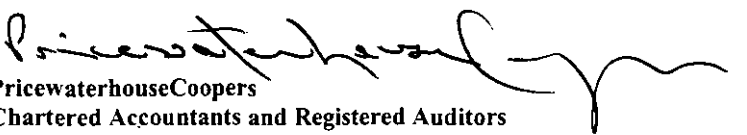
Basis of audit opinion

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 2002 and of the profit and cash flows of the group for the 6 months then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London 18 December 2002.

ASQUITH COURT HOLDINGS LIMITED

Consolidated profit and loss account for the period ended 28 February 2002

	Note	Period ended 28 February 2002 £'000	Year ended 31 August 2001 (restated) £'000
Turnover (including share of joint venture's turnover)	2	16,593	31,040
Less: share of joint venture's turnover		(653)	(1,393)
Group turnover		15,940	29,647
Staff costs	4	(8,825)	(16,861)
Administrative expenses		(4,075)	(9,265)
Operating profit before depreciation and amortisation		3,684	5,210
Depreciation and amortisation		(644)	(1,689)
Operating profit		3,040	3,521
Share of profit in joint venture		112	244
Group operating profit		3,152	3,765
Interest payable and similar charges	5	(7)	(989)
Profit on ordinary activities before taxation	6	3,145	2,776
Tax on profit on ordinary activities	7	(887)	(1,558)
Profit on ordinary activities after taxation		2,258	1,218
Dividends	8	-	-
Retained profit for the period	19	2,258	1,218

The results above all arise from continuing operations.

ASQUITH COURT HOLDINGS LIMITED

Statement of total recognised gains and losses for the period ended 28 February 2002

	Period ended 28 February 2002	Year ended 31 August 2001 (restated)
	£'000	£'000
Profit for the financial period	2,258	1,218
Total recognised gains for the period	2,258	1,218
Prior period adjustment (see note 1)	(397)	
Total gains and losses recognised since last annual report	1,861	

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

The notes on pages 9 to 22 form part of these financial statements.

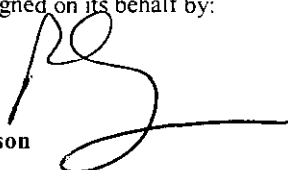
ASQUITH COURT HOLDINGS LIMITED

Consolidated balance sheet at 28 February 2002

	Note	28 February 2002 £'000	31 August 2001 £'000 (restated)
Fixed assets			
Intangible assets	9	2,171	2,242
Tangible assets	10	<u>31,722</u>	<u>31,853</u>
		<u>33,893</u>	<u>34,095</u>
Investment in joint venture:			
Share of gross assets		623	688
Share of gross liabilities		<u>(562)</u>	<u>(532)</u>
	11	<u>61</u>	<u>156</u>
Total fixed assets		<u>33,954</u>	<u>34,251</u>
Current assets			
Stocks	12	11	11
Debtors	13	1,965	8,727
Cash at bank and in hand		<u>1,811</u>	<u>474</u>
		<u>3,787</u>	<u>9,212</u>
Creditors: amounts falling due within one year	14	<u>(6,228)</u>	<u>(8,988)</u>
Net current (liabilities)/assets		<u>(2,441)</u>	<u>224</u>
Total assets less current liabilities		<u>31,513</u>	<u>34,475</u>
Creditors: amounts falling due after more than one year	15	<u>(13,189)</u>	<u>(18,204)</u>
Provision for liabilities and charges	16	<u>(197)</u>	<u>(402)</u>
Net assets		<u>18,127</u>	<u>15,869</u>
Capital and reserves			
Called up share capital	18	13	13
Share premium account	19	8,235	8,235
Capital redemption reserve	19	180	180
Revaluation reserve	19	19	19
Profit and loss account	19	<u>9,680</u>	<u>7,422</u>
Equity shareholders' funds	20	<u>18,127</u>	<u>15,869</u>

The financial statements on pages 4 to 22 were approved by the board directors on
and were signed on its behalf by:

P Aughterson
Director



12 December 2002

ASQUITH COURT HOLDINGS LIMITED

Company balance sheet as at 28 February 2002

	Note	28 February 2002 £'000	31 August 2001 £'000
Fixed assets			
Investment in subsidiary undertakings	11	<u>17,763</u>	<u>17,763</u>
Current assets			
Debtors	13	<u>7,948</u>	<u>8,005</u>
		<u>7,948</u>	<u>8,005</u>
Creditors: amounts falling due within one year	14	<u>(3,227)</u>	<u>(3,227)</u>
Net current assets		<u>4,721</u>	<u>4,778</u>
Total assets less current liabilities		<u>22,484</u>	<u>22,541</u>
Creditors: amounts falling due after more than one year	15	<u>(16,800)</u>	<u>(16,800)</u>
Net assets		<u>5,684</u>	<u>5,741</u>
Capital and reserves			
Called up share capital	18	13	13
Share premium account	19	8,235	8,235
Capital redemption reserve	19	180	180
Profit and loss account	19	<u>(2,744)</u>	<u>(2,687)</u>
Equity shareholders' funds		<u>5,684</u>	<u>5,741</u>

The financial statements on pages 4 to 22 were approved by the board of directors on 12 December 2002 and were signed on its behalf by:



P Aughterson
Director

ASQUITH COURT HOLDINGS LIMITED

Consolidated cash flow statement for the period ended 28 February 2002

	Note	Period ended 28 February 2002 £'000	Year ended 31 August 2001 £'000
Net cash inflow from operating activities	21	<u>7,777</u>	<u>1,914</u>
Dividends received from joint venture		<u>190</u>	<u>100</u>
Returns on investment and servicing of finance			
Interest paid		<u>(18)</u>	<u>(888)</u>
Taxation			
UK corporation tax paid		<u>-</u>	<u>(548)</u>
Capital expenditure			
Purchase of tangible fixed assets		<u>(442)</u>	<u>(1,178)</u>
Sale of fixed assets		<u>-</u>	<u>100</u>
		<u>(442)</u>	<u>(1,078)</u>
Cash inflow/(outflow) before financing		<u>7,507</u>	<u>(500)</u>
Financing			
Long term intercompany funding		<u>(5,015)</u>	<u>18,204</u>
Issue of ordinary share capital		<u>-</u>	<u>1</u>
Repayment of bank loans		<u>-</u>	<u>(16,800)</u>
Net cash (outflow)/inflow from financing		<u>(5,015)</u>	<u>1,405</u>
Increase in cash	22	<u>2,492</u>	<u>905</u>

ASQUITH COURT HOLDINGS LIMITED

Notes to the financial statements for the period ended 28 February 2002

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 modified by the revaluation of certain fixed assets.

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 venture is 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. 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, including the goodwill inherent in a building as a consequence of its being used as a school or nursery, 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.

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

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.

Changes in accounting policies

The company has adopted FRS19 'Deferred Tax' in these financial statements. The impact of adopting FRS 19 "Deferred Tax" is to recognise a deferred tax liability on excess capital allowances over depreciation of £402,000 and £197,000 at 31 August 2001 and 28 February 2002, respectively. A credit to the profit and loss account of £205,000 arose in the six months ended 28 February 2002, representing the movement in the deferred tax liability in the period. The comparative figures have been restated accordingly.

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 Directors' emoluments

	Period ended 28 February 2002 £	Year ended 31 August 2001 £
Aggregate emoluments (excluding pensions)	-	228,800
Pension contributions to money purchase schemes	-	7,193
	<u>-</u>	<u>235,993</u>

Retirement benefits accrue to no directors (2001: one director) under a money purchase scheme.

Fees and other emoluments include amounts paid to:

	Period ended 28 February 2002 £	Year ended 31 August 2001 £
The highest paid director		
- aggregate emoluments	-	128,800
- personal money purchase pension contributions	-	7,193
	<u>-</u>	<u>135,993</u>

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

4 Employee information

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

	Period ended 28 February 2002 Number	Year ended 31 August 2001 Number
Teaching	2,175	1,909
Marketing and administration	212	186
	<u>2,387</u>	<u>2,095</u>

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	Period ended 28 February 2002 £'000	Year ended 31 August 2001 £'000
Staff costs:		
For the above persons:		
Wages and salaries	7,738	15,040
Social security costs	511	1,089
Other pension costs	177	165
	<u>8,426</u>	<u>16,294</u>
Agency staff costs	399	567
Total staff costs	<u>8,825</u>	<u>16,861</u>

5 Interest payable and similar charges

	Period ended 28 February 2002 £'000	Year ended 31 January 2001 £'000
Loan interest payable	-	804
Bank overdraft interest	18	84
Loan arrangement costs	-	118
Less: Joint venture interest receivable	<u>(11)</u>	<u>(17)</u>
	<u>7</u>	<u>989</u>

ASQUITH COURT HOLDINGS LIMITED

6 Profit on ordinary activities before taxation

	Period ended 28 February 2002 £'000	Year ended 31 August 2001 £'000
Profit on ordinary activities before taxation is stated after charging:		
Goodwill amortisation	71	142
Depreciation charge:		
- intangible fixed assets	-	2
- tangible owned assets	573	1,545
Loss on disposal of fixed assets	-	231
Auditors' remuneration – group	35	46
Hire of other assets		
- land and buildings	321	643

7 Tax on profit on ordinary activities

	Period ended 28 February 2002 £'000	Year ended 31 August 2001 £'000 (restated)
Analysis of charge in period		
Current tax		
United Kingdom corporation tax at 30% (2001: 30%) - group	1,069	1,135
- joint venture	23	40
Overprovision in respect of prior periods	-	(19)
	1,092	1,156
Deferred tax		
Origination and reversal of timing differences	(205)	402
Tax on profit on ordinary activities	887	1,558

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

	Period ended 28 February 2002 £'000	Year ended 31 August 2001 £'000
Profit on ordinary activities before taxation	<u>3,145</u>	<u>2,776</u>
Profit on ordinary activities multiplied by standard rate of UK corporation tax at 30% (2001: 30%)	944	833
Adjustments to tax in respect of prior periods	-	(19)
Expenses not deductible for tax purposes	108	332
Depreciation for period in excess of capital allowances	40	10
	<u>1,092</u>	<u>1,156</u>

8 Dividends

	28 February 2002 £'000	31 August 2001 £'000
Dividends proposed	<u>-</u>	<u>-</u>

9 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 September 2001	2,844
Additions	-
Disposals	-
At 28 February 2002	<u>2,844</u>
Depreciation	
At 1 September 2001	602
Charge for period	71
Disposals	-
At 28 February 2002	<u>673</u>
Net book value	
At 28 February 2002	<u>2,171</u>
At 31 August 2001	<u>2,242</u>

ASQUITH COURT HOLDINGS LIMITED

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.

Company

The company has no intangible fixed assets (2001: £nil).

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
Cost					
At 1 September 2001	29,278	2,885	3,625	262	36,050
Additions	30	-	412	-	442
Disposals	-	-	-	-	-
At 31 August 2001	29,308	2,885	4,037	262	36,492
Depreciation					
At 1 September 2001	1,287	588	2,207	115	4,197
Charge for period	293	78	180	22	573
Eliminated on disposal	-	-	-	-	-
At 28 February 2002	1,580	666	2,387	137	4,770
Net book amount					
At 28 February 2002	27,728	2,219	1,650	125	31,722
At 31 August 2001	27,991	2,297	1,418	147	31,853

Company

The company has no tangible fixed assets (2001: £nil).

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11 Fixed asset investments

Group	28 February 2002 £'000	31 August 2001 £'000 (restated)
Group interest in joint venture:		
1 September 2001	156	23
Share of joint venture's (loss)/profit in the period	(95)	133
Share of net assets at 31 February 2002	61	156

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

Company	28 February 2002 £'000	31 August 2001 £'000
Cost and net book value of interests in group undertakings		
1 September 2001	17,763	17,763
Additions, at cost	-	-
At 28 February 2002	17,763	17,763

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 Schools Management Services Limited	UK	100%	Management of nurseries & crèches
Asquith Court St Nicholas Limited (formerly London Montessori Centre Limited)	UK	100%	Holding company
GNS Property Services Limited	UK	100%	Non trading
Gatehouse Nursery Services (Surrey) Limited	UK	100%	Non trading

All the above investments were held by the company.

12 Stocks

Group	28 February 2002 £'000	31 August 2001 £'000
Finished goods and goods for resale	11	11

The company has no stocks.

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13 Debtors

	Group 28 February 2002 £'000	Company 28 February 2002 £'000	Group 31 August 2001 £'000	Company 31 August 2001 £'000
Amounts falling due after more than one year				
Amount due from group undertakings	1,088	7,599	4,996	7,680
Amounts falling due within one year				
Trade debtors	494	-	3,351	-
Other debtors	64	349	-	325
Prepayments and accrued income	319	-	380	-
	<u>1,965</u>	<u>7,948</u>	<u>8,727</u>	<u>8,005</u>

14 Creditors: amounts falling due within one year

	Group 28 February 2002 £'000	Company 28 February 2002 £'000	Group 31 August 2001 £'000	Company 31 August 2001 £'000
Bank overdraft	-	3,227	1,155	3,227
Trade creditors	319	-	804	-
Corporation tax	1,965	-	896	-
Other taxation and social security	287	-	333	-
Other creditors	804	-	721	-
Accruals and deferred income	2,460	-	4,700	-
Deposits	393	-	379	-
	<u>6,228</u>	<u>3,227</u>	<u>8,988</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.

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15 Creditors: amounts falling due after more than one year

	Group 28 February 2002 £'000	Company 28 February 2002 £'000	Group 31 August 2001 £'000	Company 31 August 2001 £'000
Amounts due to parent companies	13,189	16,800	18,204	16,800
	<u>13,189</u>	<u>16,800</u>	<u>18,204</u>	<u>16,800</u>

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

16 Provisions for liabilities and charges

Deferred tax provided in these financial statements is as follows:

	Provided 28 February 2002 £'000	31 August 2001 £'000 (restated)
Accelerated capital allowances	<u>197</u>	<u>402</u>
Prior year adjustment for FRS19		
Charge to profit and loss account		402
At 1 September 2001		402
Credit to profit and loss account		(205)
Deferred tax provided at 28 February 2002		<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.

The company has no deferred taxation (2001: £nil).

17 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 £177,000 (2001: £165,000).

ASQUITH COURT HOLDINGS LIMITED

18 Called up share capital

	28 February 2002 £'000	31 August 2001 £'000
Authorised		
20,362,611 ordinary shares of 1p each	204	204
	<u>204</u>	<u>204</u>
Issued, allotted and fully paid		
1,261,100 (2001: 1,261,100) ordinary shares of 1p each	13	13
	<u>13</u>	<u>13</u>

19 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 1 September 2001	180	8,235	19	7,819	(2,687)
Prior year adjustment – deferred tax	-	-	-	(397)	-
At 1 September 2001 as restated	180	8,235	19	7,422	(2,687)
Retained profit/(loss) for the period	-	-	-	2,258	(57)
At 28 February 2002	<u>180</u>	<u>8,235</u>	<u>19</u>	<u>9,680</u>	<u>(2,744)</u>

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 period was £57,000 (2001: £773,000).

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20 Reconciliation of movements in shareholders' funds

	28 February 2002	31 August 2001
	£'000	£'000 (restated)
Group		
Opening shareholders' funds	16,266	14,650
Prior year adjustments – deferred tax	(397)	-
Opening shareholders' funds as restated	15,869	14,650
Profit for the period	2,258	1,218
Share capital issued	-	1
Closing shareholders' funds	18,127	15,869

21 Reconciliation of operating profit to net cash inflow from operating activities

	28 February 2002	31 August 2001
	£'000	£'000
Operating profit	3,040	3,521
Amortisation of intangible fixed assets	71	144
Depreciation of tangible fixed assets	573	1,545
Decrease/(Increase) in debtors	6,762	(5,090)
(Decrease)/Increase in creditors	(2,669)	1,563
Loss on disposal of fixed assets	-	231
Net cash inflow from operating activities	7,777	1,914

22 Reconciliation of net cash flow to movement in net debt

	28 February 2002	31 August 2001
	£'000	£'000
Increase in cash in period	(2,492)	(905)
Cash (outflow)/inflow from debt finance	(5,015)	1,404
Net debt at 1 September 2001	18,885	18,386
Net debt at 28 February 2002	11,378	18,885

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23 Analysis of net debt

	At 1 September 2001 £'000	Cash flow £'000	At 28 February 2002 £'000
Cash at bank and in hand	474	1,337	1,811
Overdraft	(1,155)	1,155	-
	(681)	2,492	1,811
Loan – due after one year	(18,204)	5,015	(13,189)
Total	(18,885)	7,507	(11,378)

24 Capital commitments and contingent liabilities

A composite guarantee by each of the group companies exists in favour of Dresdner Bank AG as security for the group's loan of £30 million.

25 Financial commitments

At 28 February 2002, the group had annual commitments under non-cancellable operating leases as follows:

Land and buildings	28 February 2002 £'000	31 August 2001 £'000
Expiring within one year	-	-
Expiring between two and five years	20	20
Expiring in over five years	622	622
	642	642

26 Ultimate parent company

The immediate parent undertaking is Acordrift 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.

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27 Post balance sheet events

On 13 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, for cash consideration of £7.3 million. The principal activity of the Downsend Group is the operation of one private school and three nurseries.