

SFIA EDUCATIONAL PLANS LIMITED

COMPANY REGISTRATION No: 03311941

Financial Statements
for the year ended 31 July 1999



SFLA EDUCATIONAL PLANS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1999

Company No. 03311941

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FRASER RUSSELL
Chartered Accountants
4 London Wall Buildings
Blomfield Street
London EC2M 5UQ

SFLA EDUCATIONAL PLANS LIMITED**COMPANY INFORMATION****Company number**

03377941

Directors

Mrs A E Feek - Chief Executive

Non-executive

Mr A J Hastings

Mr A J Rees

Mrs B Roberts

Registered office and place of business

34-36 Broadway
Maidenhead
Berkshire SL6 1LU

Bankers

HSBC Bank Plc
Maidenhead Branch
35 High Street
Maidenhead
Berkshire SL6 1JQ

Legal advisors

Speechley Bircham
Bouverie House
154 Fleet Street
London EC4A 2HX

Auditors

Fraser Russell
Chartered Accountants
4 London Wall Buildings
Blomfield Street
London EC2M 5UQ

Investment Managers

Charles Stanley & Company
25 Luke Street
London EC2A 4AR

HSBC Trust Company (UK) Limited
Cumberland House
15 - 17 Cumberland Place
Southampton SO15 2UY

SFIA EDUCATIONAL PLANS LIMITED**REPORT OF THE DIRECTORS**

The directors submit their report and financial statements for the year to 31 July 1999.

Principal activities

The principal activity of the company is the administration of educational plans.

Significant event

The company entered into a business transfer agreement dated 24 April 1997 whereby the activity of administering School Fee Plans was transferred to SFIA Educational Plans Limited with effect from 1st April 1997 from the company's shareholders two registered charities S.F.I.A. Educational Trust and S.F.I.A. Educational Trust Limited, together with the future obligations and accumulated annuities to meet these obligations.

The charities have not accepted any new receipts in respect of new School Fee Plans since 20 June 1996.

In accordance with the accounting convention detailed in Note 1 (a) ii) both the liabilities to pay future school fees and the matching asset, being the annuities purchased, have been excluded from both the Income and Expenditure Account and Balance Sheet on pages 5 & 6 respectively.

Results and business review

The results of the year are as stated on page 5.

The company has entered into a deed of covenant under which its taxable profits are donated to the company's shareholders, two registered charities S.F.I.A. Educational Trust and S.F.I.A. Educational Trust Limited. In 1999, the company paid £299,327 to S.F.I.A. Educational Trust and £161,175 to S.F.I.A. Educational Trust Ltd under this scheme.

Fixed assets

The movements in fixed assets during the year are summarised in note 7 to the financial statements.

Directors

The following have served as directors during the year:

Mrs B Roberts (Chairman)

Mrs A E Feek

A J Hastings

Mr A J Rees

No director had any interest in the share capital of the company.

SFIA EDUCATIONAL PLANS LIMITED**REPORT OF THE DIRECTORS****Year 2000 compliance**

Many computer and digital storage systems express dates using only the last two digits of the year and will require modification or replacement to accommodate year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The company's business depends not only on its own computer systems, but also, to some degree, on those of its suppliers. This could expose the company to further risk in the event that there is failure by other parties to remedy their own year 2000 issues.

The company has undertaken a project to determine the potential risks to its activities arising from the date change to the year 2000. The company has assessed the likely impact on its activities and is in the process of implementing prioritised plans to deal with the key risks. Further costs of modification to computers are not anticipated to be significant and no specific provision to meet these costs if any, have been included in the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the financial activities for that period. In preparing those financial statements, the directors are required to

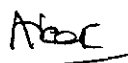
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution confirming the appointment of Messrs Fraser Russell, Chartered Accountants and Registered Auditors by the directors and re-appointment for next year, will be put to the Annual General Meeting.

BY ORDER OF THE BOARD


Mrs A E Feek
Secretary

Registered Office:

34-36 Broadway
Maidenhead
Berkshire SL6 1LU

10 November 1999

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
SFIA EDUCATIONAL PLANS LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 1999 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Fraser Russell
FRASER RUSSELL
Chartered Accountants
Registered Auditors

4 London Wall Buildings
Blomfield Street
LONDON EC2M 5UQ

10 November 1999

SFIA EDUCATIONAL PLANS LIMITED
INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 1999

		Year ended 31 July 1999		16 Month period ended 31 July 1998	
	Notes	£	£	£	£
Gross receipts	2		31,732,042		31,494,573
School fee payments			(31,187,900)		(30,917,931)
Net receipts			<u>544,142</u>		<u>576,642</u>
Administrative expenses			(634,229)		(882,410)
Other operating income			53,832		79,204
Operating deficit	3		<u>(36,255)</u>		<u>(226,564)</u>
Interest payable	5	-		(1,320)	
Interest receivable and similar income	6	452,265		384,721	
			<u>452,265</u>		<u>383,401</u>
Net surplus			<u>416,010</u>		<u>156,837</u>
Deed of covenant	11		(460,502)		(139,251)
Retained (deficit)/surplus for the year			<u>(44,492)</u>		<u>17,586</u>
Balance brought forward			<u>17,586</u>		<u>-</u>
Balance carried forward at 31 July 1999			<u>(26,906)</u>		<u>17,586</u>

*The company's activities were transferred from
the S.F.I.A. Educational Trust and S F I A Educational Trust Ltd on 1 April 1997*

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

In addition to the above net surplus unrealised gains of £27,800 (1998 £42,434) has been credited directly to the Revaluation Reserve (Note 13).

The notes on pages 8 to 13 form part of these financial statements



SFIA EDUCATIONAL PLANS LIMITED

BALANCE SHEET

As at 31 July 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	7	35,784	54,767
Investments	8	3,535,503	3,311,844
Current assets			
Debtors	9	359,539	606,433
Cash at bank		481,742	208,128
		<u>841,281</u>	<u>814,561</u>
Creditors: Amounts falling due within one year	10	(869,240)	(621,152)
Net current (liabilities)/assets		<u>(27,959)</u>	<u>193,409</u>
Total assets less current liabilities		<u><u>3,543,328</u></u>	<u><u>3,560,020</u></u>
Capital and reserves			
Share Capital	12	3,500,000	3,500,000
Income and Expenditure Account		(26,906)	17,586
Revaluation reserve	13	70,234	42,434
		<u><u>3,543,328</u></u>	<u><u>3,560,020</u></u>

The financial statements were approved by the Board on 10 November 1999 and signed on their behalf by:

B ROBERTS)
)
 A E FEEK)
)
) DIRECTORS

The notes on pages 8 to 13 form part of these financial statements

SFIA EDUCATIONAL PLANS LIMITED

CASHFLOW STATEMENT

For the year ended 31 July 1999

	Notes	Year ended 31 July 1999		16 Month period ended 31 July 1998	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	18		53,743		(195,076)
Returns on investments and servicing of finance					
Interest paid		-		(1,320)	
Interest received		123,242		220,809	
Investment income		83,163		158,633	
		<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance			206,405		378,122
Capital expenditure and financial investment					
Payments to acquire fixed assets		(7,789)		(74,047)	
Sale of investments		50,000		134,070	
Payments to acquire investments		-		(3,395,690)	
		<hr/>		<hr/>	
Net cash inflow/ (outflow) from capital expenditure and financial investment			42,211		(3,335,667)
Deed of covenant paid			(28,745)		(139,251)
Financing					
Issue of share capital			-		3,500,000
			<hr/>		<hr/>
Net increase in cash and bank balances	19		273,614		208,128
			<hr/>		<hr/>

The notes on pages 8 to 13 form part of these financial statements

SFIA EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 1999

1. Accounting policies

a) Accounting convention

- i) The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold property and quoted investments. The financial statements are also prepared in accordance with applicable accounting standards.

The directors consider that the format of the income and expenditure account included in Schedule 4 of the Companies Act 1985 is not wholly appropriate for the company and have taken advantage of paragraph 3(3) of Schedule 4 and have presented an alternative format which greater reflects the special nature of the company's operations.

- ii) Capital sums received from parents in respect of obligations to pay future school fees and the subsequent purchases of annuities to discharge these obligations are not incorporated in either the income and expenditure account or balance sheet.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful life on the following annual bases:

Plant and machinery	33 1/3%	of cost
Motor Vehicles	20%	of cost
Computer equipment	33 1/3%	of cost
Fixtures and fittings	20%	of cost

c) Investments

Quoted investments, unit trusts and annuities are stated at market value.

d) Pension contributions

The company participates in a defined contribution group personal pension plan for the benefit of its employees. In addition the company contributes to Individual Personal Pension Plans for senior certain employees. Contributions are charged to the income and expenditure account as incurred.

e) Operating leases

Payments made under operating leases have been charged evenly to the income and expenditure account over the period of the lease.

f) Investment income

Interest earned on bank and investments is accounted for on an accruals basis.

SFIA EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 1999
(continued)

2. **Receipts**

Gross receipts represent the total amounts due within the year from annuities purchased.

3. Operating (deficit)	Year ended 31 July 1999 £	16 Month period ended 31 July 1998 £
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Operating (deficit) is stated after charging:

Directors' remuneration	48,925	55,989
Auditors' remuneration - audit	31,500	36,666
- accountancy	5,002	12,894
- other no audit related	12,328	16,578
Depreciation	15,036	19,280
	<u> </u>	<u> </u>

4. **Staff costs**

Salaries	330,262	423,608
Social security costs	27,664	40,398
Other pension costs	35,400	46,487
Other employment costs	6,537	6,716
	<u> </u>	<u> </u>
	399,863	517,209
	<u> </u>	<u> </u>

The average weekly number of employees during the year were 13 (1998: 17).

Directors' emoluments

Remuneration for management services	48,925	55,989
	<u> </u>	<u> </u>
Highest paid director	48,925	34,500
	<u> </u>	<u> </u>

5. **Interest payable**

On bank overdrafts	-	1,320
	<u> </u>	<u> </u>

SFIA EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 1999
(continued)

6. Other interest receivable and similar income	Year ended 31 July 1999 £	16 Month period ended 31 July 1998 £
Bank interest receivable	123,242	220,809
Investment income	329,023	163,912
	<u>452,265</u>	<u>384,721</u>

7. Tangible fixed assets	Plant and Machinery	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£
At 1 August 1998	35,938	12,510	25,599	74,047
Additions	3,342	-	4,447	7,789
Disposals	(12,603)	-	(6,669)	(19,272)
At 31 July 1999	<u>26,677</u>	<u>12,510</u>	<u>23,377</u>	<u>62,564</u>
Depreciation				
At 1 August 1998	11,164	1,877	6,239	19,280
Charge for the year	8,246	2,502	4,288	15,036
Disposals	(5,614)	-	(1,922)	(7,536)
At 31 July 1999	<u>13,796</u>	<u>4,379</u>	<u>8,605</u>	<u>26,780</u>
Net book value				
At 31 July 1999	<u>12,881</u>	<u>8,131</u>	<u>14,772</u>	<u>35,784</u>
At 31 July 1998	<u>24,774</u>	<u>10,633</u>	<u>19,360</u>	<u>54,767</u>

8. Investments	1999 £ Market Value	%	1999 £ Original Cost	1998 £ Market Value	%	1998 £ Original Cost
Equities	2,001,084	57	1,937,831	1,458,926	44	1,442,667
Gilts	1,073,521	30	1,079,997	1,070,088	32	1,067,497
Unit Trusts	89,173	3	74,634	147,741	4	124,157
Cash awaiting investment	371,725	10	371,725	635,089	20	635,089
	<u>3,535,503</u>	<u>100</u>	<u>3,464,187</u>	<u>3,311,844</u>	<u>100</u>	<u>3,269,410</u>

SFIA EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 1999
(continued)

8. Investments (continued)	1999	1998
	£	£
Market value at 1 August 1998	3,311,844	-
Additions	2,194,496	33,95,690
Disposals	(1,998,637)	(126,280)
Revaluation to market value	27,800	42,434
	<hr/>	<hr/>
Market value at 31 July 1999	3,535,503	3,311,844
	<hr/>	<hr/>

9. Debtors	1999	1998
	£	£
School fees paid in advance	243,471	187,462
Amounts owed by parent companies	46	23,388
Other debtors	100,330	384,341
Prepayments and accrued income	15,692	11,242
	<hr/>	<hr/>
	359,539	606,433
	<hr/>	<hr/>

The parent companies are S.F.I.A. Educational Trust and S.F.I.A. Educational Trust Limited, a trust and a company, with similar principal activities to the company and with which the company shares administrative facilities and expenses.

10. Creditors - Amounts falling due within one year	1999	1998
	£	£
Amounts held for clients and scheme balances	371,432	524,867
Taxation and social security costs	107,563	42,573
Other creditors	342,570	10,224
Accruals and deferred income	47,459	43,488
Amounts owed to parent company	216	-
	<hr/>	<hr/>
	869,240	621,152
	<hr/>	<hr/>

11. Deed of covenant	1999	1998
	£	£
Deed of covenant payment	460,502	139,251
	<hr/>	<hr/>

The company covenant 100% of its taxable profit to shareholders, S.F.I.A. Educational Trust and S.F.I.A. Educational Trust Limited. For the year £299,327 was covenanted to S.F.I.A. Educational Trust and £161,175 to S.F.I.A. Educational Trust Limited.

SFIA EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 1999
(continued)

12.	Share Capital	1999 £	1998 £
	Authorised:		
	5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
		<hr/>	<hr/>
	Allotted, Called up and fully paid		
	3,500,000 Ordinary shares of £1 each	3,500,000	3,500,000
		<hr/>	<hr/>
13.	Revaluation reserve	1999 £	1998 £
	At 1 August 1998	42,434	-
	Revaluation of investments during the period to market value	27,800	42,434
		<hr/>	<hr/>
	At 31 July 1999	70,234	42,434
		<hr/>	<hr/>
14.	Reconciliation of movements in funds	1999 £	1998 £
	At 1 August 1998	3,560,020	-
	Issue of Share Capital	-	3,500,000
	Retained (deficit)/surplus for the period	(44,492)	17,586
	Revaluations of investments during the period	27,800	42,434
		<hr/>	<hr/>
	At 31 July 1999	3,543,328	3,560,020
		<hr/>	<hr/>

15. **Parent Undertaking**

The company is 65% owned by S.F.I.A. Educational Trust and 35% by S.F.I.A. Educational Trust Limited, both of the above shareholders are charities and are under common control. S.F.I.A. Educational Trust is the company's ultimate parent undertaking, its principal business address is 34 -36 Broadway, Maidenhead, Berkshire SL6 1LU.

The company's ultimate controlling party is the Board of Directors of SFIA (Trustees) Limited who at 31 July 1999 were Mr A J Hastings, Mr A J Rees and Mrs B Roberts; who also served as directors of the company throughout the year.

16. **Pension commitments**

The company participates in a Group Personal Pension Plan. This is a defined contribution pension scheme which the company operates for its employees, the assets of which are held separately from those of the company in independently administered funds. For two employees the company contributes to their individual Personal Pension Plans. The company paid total pension contributions of £35,400 (1998 - £46,487) during the year. There were no amounts outstanding at the year end.

SFIA EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 1999
(continued)

17. Operating lease commitments

At 31st July 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999	1998
	£	£
Land and buildings	28,000	28,000
Equipment	14,187	15,121
	<u>42,187</u>	<u>43,121</u>

18. Reconciliation between operating surplus and net cash inflow from operating activities

	Year ended 31 July 1999 £	16 Month period ended 31 July 1998 £
Operating deficit	(36,255)	(226,564)
Depreciation and (profit)/loss on sale of tangible fixed assets	26,772	16,769
Decrease/(increase) in debtors	246,895	(606,433)
Increase in creditors	248,088	621,152
Provision for covenant payments	(431,757)	-
	<u>53,743</u>	<u>(195,076)</u>

19. Analysis of net funds

Cash and bank at 1 August 1998	208,128	-
Net cash inflow	<u>273,614</u>	<u>208,128</u>
	<u>481,742</u>	<u>208,128</u>