

SFIA Educational Plans Limited

REPORT AND FINANCIAL STATEMENTS

31 July 2004



SFIA Educational Plans Limited

DIRECTORS AND OFFICERS

DIRECTORS

Mrs AE Feek Chief Executive
Mr AJ Hastings (Non-executive)
Mr AH Munro (Non-executive) (appointed 13 November 2003)
Mr AJ Rees (Non-executive)
Mrs B Roberts (Non-executive)

REGISTERED OFFICE AND PLACE OF BUSINESS

39 Queen Street
Maidenhead
Berkshire SL6 1NB

BANKERS

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

LEGAL ADVISORS

Stone King
39 Cloth Fair
London EC1A 7JQ

Blandy & Blandy
1 Friar Street
Reading
Berkshire RG1 1DA

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

INVESTMENT MANAGERS

Morgan Stanley Quilter
St Helens
1 Undershaft
London EC3A 8BB

INVESTMENT ADVISORS

Baker Tilly Financial Services Ltd
2 Bloomsbury Street
London WC1B 3ST

SFIA Educational Plans Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of SFIA Educational Plans Limited for the year ended 31 July 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the administration of educational plans.

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 original 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 the Accounting Policies on page 9 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 & 7 respectively.

RESULTS AND BUSINESS REVIEW

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

During the year 65% of the shares in the company were transferred from S.F.I.A. Educational Trust to S.F.I.A. Educational Trust Limited resulting in S.F.I.A. Educational Trust Limited owning 100% of the share capital of the company.

The company has gifted its profits (realised and unrealised) to the company's shareholder the registered charity S.F.I.A. Educational Trust Limited. Accordingly, in 2004, the company donated £230,370 to S.F.I.A. Educational Trust Ltd.

DIRECTORS

The following have served as directors during the year:

Mrs B Roberts * (Chairman)

Mrs AE Feek

Mr AJ Hastings *

Mr AJ Rees *

Mr AH Munro* (appointed 13 November 2003)

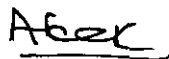
No director had any interest in the share capital of the company.

* These directors are also directors of SFIA (Trustees) Limited, the company's ultimate controlling party.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



AE Feek

Secretary

17 November 2004

SFIA Educational Plans Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SFIA EDUCATIONAL PLANS LIMITED

We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 the company's affairs at 31 July 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

17 November 2004

SFIA Educational Plans Limited

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 2004

	Notes	2004 £	2003 £
Gross receipts	1	22,199,567	24,771,080
School fee payments		(21,794,561)	(24,315,029)
Net receipts		405,006	456,051
Administrative expenses		(441,344)	(408,052)
Other operating income		17,860	19,476
OPERATING (DEFICIT)/SURPLUS		(18,478)	67,475
Interest receivable and similar income	2	44,161	16,828
NET SURPLUS		25,683	84,303
Charitable donation	10	(230,370)	(90,000)
DEFICIT FOR THE YEAR BEFORE TAXATION	13	(204,687)	(5,697)
Taxation		-	-
RETAINED DEFICIT FOR THE YEAR		(204,687)	(5,697)
Balance brought forward		(64,422)	(58,725)
BALANCE CARRIED FORWARD AT 31 JULY 2004		(269,109)	(64,422)

The operating deficit for the year arises from the company's continuing operations.

SFIA Educational Plans Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2004

	2004 £	2003 £
Retained deficit for the year	(204,687)	(5,697)
Unrealised surplus on revaluation of investments	204,687	213,866
Total recognised gains and losses relating to the year	-	208,169

SFIA Educational Plans Limited

BALANCE SHEET

31 July 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	6	13,430	18,430
Investments	7	2,872,407	2,816,597
		<u>2,885,837</u>	<u>2,835,027</u>
CURRENT ASSETS			
Debtors	8	31,822	30,792
Cash at bank		778,395	637,521
		<u>810,217</u>	<u>668,313</u>
CREDITORS: Amounts falling due within one year	9	(506,410)	(313,696)
NET CURRENT ASSETS		<u>303,807</u>	<u>354,617</u>
NET ASSETS		<u>3,189,644</u>	<u>3,189,644</u>
CAPITAL AND RESERVES			
Called up share capital	11	3,500,000	3,500,000
Revaluation reserve	12	(41,247)	(245,934)
Income and expenditure account	13	(269,109)	(64,422)
SHAREHOLDER'S FUNDS	14	<u>3,189,644</u>	<u>3,189,644</u>

The financial statements were approved by the board on 17 November 2004 and signed on their behalf by:

B ROBERTS Director



J. Rees

~~Director~~

Director



SFIA Educational Plans Limited

CASH FLOW STATEMENT

for the year ended 31 July 2004

	<i>Notes</i>	2004 £	2003 £
Cash flow from operating activities	15a	(49,608)	38,631
Returns on investments and servicing of finance	15b	170,913	216,370
Capital expenditure and servicing of finance	15b	19,569	(689)
NET INCREASE IN CASH IN THE PERIOD	15c	<u>140,874</u>	<u>254,312</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2004 £	2003 £
Increase in cash in the period	140,874	254,312
MOVEMENT IN NET DEBT IN PERIOD	<u>140,874</u>	<u>254,312</u>
NET FUNDS AT 1 AUGUST 2003	637,521	383,209
NET FUNDS AT 31 JULY 2004	<u>778,395</u>	<u>637,521</u>

SFIA Educational Plans Limited

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

- i) The financial statements are prepared under the historical cost convention as modified by the revaluation of 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 previously 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.

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:

Computer equipment	33 1/3%	of cost
Fixtures and fittings	20%	of cost

INVESTMENTS

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

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 certain senior employees. Contributions are charged to the income and expenditure account as incurred.

OPERATING LEASES

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

INVESTMENT INCOME

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

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

SFIA Educational Plans Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

1 TURNOVER

Turnover represents the total amounts due within the year from annuities purchased.

2 INVESTMENT INCOME	2004 £	2003 £
Bank interest receivable	64,652	55,499
Investment income	102,972	160,871
Loss on disposal of investments	(123,463)	(199,542)
	<u>44,161</u>	<u>16,828</u>

3 DEFICIT ON ORDINARY ACTIVITIES

Deficit on ordinary activities before taxation is stated after charging:

Depreciation and amounts written off tangible fixed assets:

Charge for the year	10,845	12,935
Operating lease rentals: Land and buildings	44,063	44,063
Directors' remuneration	57,871	55,914
Auditors' remuneration		
audit	30,785	29,610
accountancy	4,582	4,347
other non audit related	13,512	8,401
	<u></u>	<u></u>

4 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:

Office and management	5	5
	<u></u>	<u></u>

	2004 £	2003 £
Staff costs for above persons:		
Wages and salaries	188,803	162,032
Social security costs	18,773	17,379
Other pension costs	24,997	24,682
Other employment costs	8,068	7,822
	<u>240,641</u>	<u>211,915</u>

DIRECTORS' REMUNERATION

Remuneration for management services	57,871	55,914
Pension contributions	5,498	5,312
	<u>63,369</u>	<u>61,226</u>

The number of directors to whom relevant benefits are accruing under money purchase pension schemes was 1 (2003: 1).

SFIA Educational Plans Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

5	TAXATION	2004 £	2003 £
	Current tax:		
	UK corporation tax on deficit of period	-	-
	Total current tax	-	-
	Factors affecting tax charge for the period		
	The tax assessed for the period is higher than the standard rate of corporation tax for small companies (20%) as explained below:		
	Deficit on ordinary activities before tax	(204,687)	(5,697)
	Deficit on ordinary activities multiplied by the standard rate of corporation tax for small companies (19%)	(38,891)	(1,082)
	Effects of:		
	Expenses not deductible for tax purposes	1,788	357
	Capital allowances less than depreciation	484	725
	Unrelieved non trade charge carried forward	36,619	-
	Current tax charge for the period	-	-

6 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures & fittings £	Total £
Cost			
1 August 2003	22,460	27,493	49,953
Additions	2,320	3,525	5,845
Disposals	(17,575)	(2,067)	(19,642)
31 July 2004	7,205	28,951	36,156
Depreciation			
1 August 2003	17,122	14,401	31,523
Charge for year	5,204	5,641	10,845
On disposals	(17,575)	(2,067)	(19,642)
31 July 2004	4,751	17,975	22,726
Net book value			
31 July 2004	2,454	10,976	13,430
31 July 2003	5,338	13,092	18,430

SFIA Educational Plans Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

7 INVESTMENTS

	2004 Market Value £	%	2004 Original Cost £	2003 Market Value £	%	2003 Original Cost £
Equities	1,363,557	47	1,375,549	1,364,677	48	1,446,297
Gilts and fixed interest bonds	916,006	32	956,412	963,584	34	956,412
Unit Trusts	579,415	20	555,780	109,607	4	268,609
Cash awaiting investment	13,429	1	13,429	378,729	14	378,729
31 July 2004	<u>2,872,407</u>	<u>100</u>	<u>2,901,170</u>	<u>2,816,597</u>	<u>100</u>	<u>3,050,047</u>

	2004 £	2003 £
Market value at 1 August 2003	2,816,597	2,802,809
Additions	403,642	1,375,233
Disposals	(552,519)	(1,575,311)
Revaluation to market value	204,687	213,866
Market value at 31 July 2004	<u>2,872,407</u>	<u>2,816,597</u>

8 DEBTORS	2004 £	2003 £
Due within one year: <i>Prepayments and accrued income</i>	<u>31,822</u>	<u>30,792</u>
9 CREDITORS: Amounts falling due within one year	2004 £	2003 £
Amounts held for clients and scheme balances	183,225	165,137
Taxation and social security costs	5,571	5,366
Other creditors	6,732	7,093
Accruals and deferred income	80,332	46,100
Amounts owed to parent organisation	230,550	58,500
Amounts owed to associated company	-	31,500
	<u>506,410</u>	<u>313,696</u>

The parent organisation is now S.F.I.A. Educational Trust Limited but was S.F.I.A. Educational Trust in 2003. Both are registered charities and with which the company shares administrative facilities and expenses. (see note 17)

SFIA Educational Plans Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

10	CHARITABLE DONATION	2004 £	2003 £
	Gift	230,370	90,000

The company has made a charitable donation to its shareholder, S.F.I.A. Educational Trust Limited a registered charity. For the year £Nil (2003: £58,500) was donated to S.F.I.A. Educational Trust and £230,370 (2003: £31,500) to S.F.I.A. Educational Trust Limited.

11	SHARE CAPITAL	2004 £	2003 £
	Authorised: 5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
	Allotted, issued and fully paid: 3,500,000 ordinary shares of £1 each	3,500,000	3,500,000

12	REVALUATION RESERVE	2004 £	2003 £
	1 August 2003	(245,934)	(459,800)
	Revaluation of investments during the year to market value	204,687	213,866
	31 July 2004	(41,247)	(245,934)

13	INCOME AND EXPENDITURE ACCOUNT	2004 £	2003 £
	1 August 2003	(64,422)	(58,725)
	Retained deficit	(204,687)	(5,697)
	31 July 2004	(269,109)	(64,422)

14	RECONCILIATION OF MOVEMENT IN FUNDS	2004 £	2003 £
	1 August 2003	3,189,644	2,981,475
	Retained deficit for the year	(204,687)	(5,697)
	Revaluation of investments during the year	204,687	213,866
	31 July 2004	3,189,644	3,189,644

SFIA Educational Plans Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

15	CASH FLOWS	2004 £	2003 £
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating (deficit)/surplus	(18,478)	67,475
	Depreciation	10,845	12,935
	(Increase)/decrease in debtors	(4,319)	2,507
	Increase in creditors	192,714	45,714
	Charitable donation	(230,370)	(90,000)
	Net cash flow from operating activities	(49,608)	38,631
		2004 £	2003 £
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Interest received	68,581	55,499
	Investment income	102,332	160,871
	Net cash inflow from returns on investments and servicing of finance	170,913	216,370
	Capital expenditure and financial investment		
	Payments to acquire fixed assets	(5,845)	(1,225)
	Sale and maturity of investments	429,056	1,375,769
	Payments to acquire investments	(403,642)	(1,375,233)
	Net cash inflow/(outflow) from capital expenditure and financial investment	19,569	(689)
		At 1 August 2003 £	At 31 July 2004 £
c	Analysis of net funds		
	Cash in hand, at bank	637,521	140,874
		778,395	

16 COMMITMENTS UNDER OPERATING LEASES

At 31 July 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004 £	2003 £
Land and buildings		
expiring within one year	44,063	-
expiring in the second to fifth year	-	44,063
	44,063	44,063

SFIA Educational Plans Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2004

17 PARENT UNDERTAKING

The company is 100% owned by S.F.I.A. Educational Trust Limited, the above shareholder is a charity. S.F.I.A. Educational Trust Limited is the company's ultimate parent undertaking, its principal business address is 39 Queen Street, Maidenhead, Berkshire SL6 1LU.

The company's ultimate controlling party is the Board of Directors of SFIA (Trustees) Limited who at 31 July 2004 were Mr A J Hastings, Mr A J Rees, Mr A H Munro and Mrs B Roberts; who also served as directors of the company throughout the year.

18 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 £24,997 (2003: £24,682) during the year. There were no amounts outstanding at the year end.

19 RELATED PARTY DISCLOSURES

The following related party transactions took place during the year:

The company shares administrative facilities and expenses with S.F.I.A. Educational Trust and S.F.I.A. Educational Trust Limited.