

S.F.I.A. EDUCATIONAL PLANS LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST JULY 1998

Company No. 03311941

INDEX

	Page
Company Information	1
Report of the Directors	2-3
Report of the Auditors	4
Income and Expenditure Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8-13



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

S.F.I.A. 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

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

Legal advisors

Speechley Bircham
Bouverie House
154 Fleet Street
London EC4A 2HX

Blandy & Blandy
1 Friar Street
Reading
Berkshire RG1 1DA

Auditors

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

Investment Managers

Charles Stanley & Company
25 Luke Street
London EC2A 4AR

Midland Private Banking
Cumberland House
15 - 17 Cumberland Place
Southampton SO15 2UY

S.F.I.A. EDUCATIONAL PLANS LIMITED**REPORT OF THE DIRECTORS**

The directors submit their report and financial statements for the period from incorporation on 3rd February 1997 to 31st July 1998.

Principal activities

The principal activity of the company is the administration of educational plans. The company was incorporated on 3rd February as Hirecopse Limited, changed its name to SFIA Educational Plans Limited on 14th March 1997 and started to trade on 1st April 1997.

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 S.F.I.A. 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 20th 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 sixteen month period 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 SFIA Educational Trust and SFIA Educational Trust Limited. In 1998, the company paid £90,513 to S.F.I.A. Educational Trust and £48,738 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 period:

Mrs B. Roberts (Chairman)

Mrs A.E. Feek

A. J. Hastings

Mr. A.J. Rees

Mrs C.M. de Cintra (resigned 30th November 1997)

Mrs J.M. Goodland (resigned 14th April 1997)

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

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 initiated a project to determine the potential risks to its activities arising from the date change to the year 2000. Once this phase is completed the company will assess the likely impact on its activities and develop prioritised plans to deal with key risks. This plan has not yet been costed, and the financial statements include no specific provision to meet this cost.

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

Dated: 11th November 1998

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
S.F.I.A. 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 31st July 1998 and of its results for the period 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 5NT

Dated: 11th November 1998

S.F.I.A. EDUCATIONAL PLANS LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the 16 month period ended 31st July 1998

	<u>Notes</u>	£	1998 £
Gross receipts	2		31,494,573
School fee payments			(30,917,931)
Net receipts			<u>576,642</u>
Administrative expenses			(882,410)
Other operating income			79,204
Operating deficit	3		<u>(226,564)</u>
Interest payable	5	(1,320)	
Interest receivable and similar income	6	384,721	
			<u>383,401</u>
Net surplus			<u>156,837</u>
Deed of covenant	11		(139,251)
Retained surplus for the period			<u>17,586</u>
Balance brought forward			
Balance carried forward at 31st July 1998			<u><u>17,586</u></u>

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

In addition to the above net surplus unrealised gains of £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

S.F.I.A. EDUCATIONAL PLANS LIMITED

BALANCE SHEET

As at 31st July 1998

	<u>Notes</u>	£	<u>1998</u>	£
Fixed assets				
Tangible assets	7			54,767
Investments	8			3,311,844
Current assets				
Debtors	9	606,433		
Cash at bank		208,128		
		<hr/>		
		814,561		
Creditors: Amounts falling due within one year	10	(621,152)		
		<hr/>		
Net current assets				193,409
Total assets less current liabilities				<hr/>
				3,560,020
				<hr/>
Capital and reserves				
Share Capital	12		3,500,000	
Income and Expenditure Account			17,586	
Revaluation reserve	13		42,434	
			<hr/>	
			3,560,020	
			<hr/>	

The financial statements were approved by the Board on 11th November 1998 and signed on their behalf by:


B. ROBERTS

)
)
)
)
)
)

DIRECTORS


A.E. FEEK

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

S.F.I.A. EDUCATIONAL PLANS LIMITED**CASHFLOW STATEMENT****For the period ended 31st July 1998**

	Notes	1998 £	£
Net cash outflow from operating activities	18		(195,076)
Returns on investments and servicing of finance			
Interest paid		(1,320)	
Interest received		220,809	
Investment income		158,633	
		<hr/>	
Net cash outflow from returns on investments and servicing of finance			378,122
Capital expenditure and financial investment			
Payments to acquire fixed assets		(74,047)	
Sale of investments		134,070	
Payments to acquire investments		(3,395,690)	
		<hr/>	
Net cash outflow from capital expenditure and financial investment			(3,335,667)
Deed of covenant			(139,251)
Financing			
Issue of share capital			3,500,000
			<hr/>
Net increase in cash and bank balances	19		208,128
			<hr/>

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

S.F.I.A. EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st July 1998

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	20%	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.

S.F.I.A. EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st July 1998
(continued)

2. **Receipts**

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

3. Operating (deficit)	<u>1998</u>
	£
Operating (deficit) is stated after charging:	
Directors' remuneration	55,989
Auditors' remuneration - audit	36,666
- accountancy	12,894
- other no audit related	16,578
Depreciation	19,280
	<hr/>

4. Staff costs	<u>1998</u>
	£
Salaries	423,608
Social security costs	40,398
Other pension costs	46,487
Other employment costs	6,716
	<hr/>
	517,209
	<hr/>

The average weekly number of employees during the period was 17.

Directors' emoluments	55,989
Remuneration for management services	<hr/>

Highest paid director	34,500
	<hr/>

5. Interest payable	
On bank overdrafts	1,320
	<hr/>

S.F.I.A. EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st July 1998
(continued)

6.	Other interest receivable and similar income	<u>1998</u> £
	Bank interest receivable	220,809
	Investment income	163,912
		<hr/> £ 384,721 <hr/>

7.	Tangible fixed assets	<u>Plant and Machinery</u> £	<u>Motor Vehicles</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
	Cost or Valuation				
	Additions	35,938	12,510	25,599	74,047
	At 31st July 1998	<hr/> 35,938 <hr/>	<hr/> 12,510 <hr/>	<hr/> 25,599 <hr/>	<hr/> 74,047 <hr/>
	Depreciation				
	Charge for the year	11,164	1,877	6,239	19,280
	At 31st July 1998	<hr/> 11,164 <hr/>	<hr/> 1,877 <hr/>	<hr/> 6,239 <hr/>	<hr/> 19,280 <hr/>
	Net book value				
	At 31st July 1998	<hr/> £ 24,774 <hr/>	<hr/> £ 10,633 <hr/>	<hr/> £ 19,360 <hr/>	<hr/> £ 54,767 <hr/>

8.	Investments	<u>Market Value</u>	<u>%</u>	<u>Original Cost</u>
	Equities	1,458,926	44	1,442,667
	Gilts	1,070,088	32	1,067,497
	Unit Trusts	147,741	4	124,157
	Cash awaiting investment	635,089	20	635,089
		<hr/> 3,311,844 <hr/>	<hr/> 100 <hr/>	<hr/> 3,269,410 <hr/>
	Additions			3,395,690
	Disposals			(126,280)
	Revaluation to market value			42,434
	Market value at 31 July 1998 carried forward			<hr/> 3,311,844 <hr/>

S.F.I.A. EDUCATIONAL PLANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st July 1998
(continued)

9. Debtors	<u>1998</u> £
School fees paid in advance	187,462
Amounts owed by parent companies	23,388
Other debtors	384,341
Prepayments and accrued income	11,242
	<hr/> 606,433 <hr/>

The parent companies are S.F.I.A. Educational Trust and SFIA 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	<u>1998</u> £
Amounts held for clients and scheme balances	384,145
Amounts held for students	140,722
Taxation and social security costs	42,573
Other creditors	10,224
Accruals and deferred income	43,488
	<hr/> 621,152 <hr/>

11. Deed of covenant	<u>1998</u> £
Deed of covenant payment	139,251
	<hr/>

The company covenant 100% of its taxable profit to shareholders, SFIA Educational Trust and SFIA Educational Trust Limited. During the year £90,513 was covenanted to SFIA Educational Trust and £48,738 to SFIA Educational Trust Limited.

12. Share Capital	<u>1998</u> £
Authorised: 5,000,000 ordinary shares of £1 each	5,000,000
Allotted, Called up and fully paid 3,500,000 Ordinary shares of £1 each	3,500,000
	<hr/>
13. Revaluation reserve	£
Revaluation of investments during the period to market value	42,434
	<hr/>
Balance carried forward at 31st July 1998	42,434
	<hr/>

S.F.I.A. EDUCATIONAL PLANS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31st July 1998
(continued)

14. Reconciliation of movements in funds	<u>1998</u> £
Issue of Share Capital	3,500,000
Retained (deficit)/surplus for the period	17,586
Revaluations of investments during the period	42,434
	<hr/>
Funds as at 31st July 1998	3,560,020
	<hr/>

15. **Parent Undertaking**

The company is 65% owned by SFIA Educational Trust and 35% by SFIA Educational Trust Limited. Both of the above shareholders are charities and are under common control. SFIA 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 parties are the Trustees of SFIA Educational Trust who at 31 July 1998 were Mr A.J. Hastings, Mr A. J. Rees and Mrs B Roberts; who also served as directors of the company throughout the period. Mrs A.E. Feek, a director of the company served as a trustee of SFIA Educational Trust until 14 October 1997.

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 £46,487 during the period. There were no amounts outstanding at the period end.

17. **Operating lease commitments**

At 31st July 1998 the company had annual commitments under non-cancellable operating leases as follows:

	<u>1998</u> £
Land and buildings	28,000
Equipment	15,121
	<hr/>
	43,121
	<hr/>

S.F.I.A. EDUCATIONAL PLANS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31st July 1998
(continued)

	1998 £
18. Reconciliation between operating surplus and net cash inflow from operating activities	
Operating deficit	(226,564)
Depreciation and (profit)/loss on sale of tangible fixed assets	16,769
(Increase) in debtors	(606,433)
Increase in creditors	621,152
	<hr/>
Net cash outflow from operating activities	(195,076)
	<hr/>
19. Analysis of net funds	
Net cash inflow	208,128
	<hr/>
Cash and bank at 31st July 1998	208,128
	<hr/>