

3547839

Peper Harow (South) Limited
(a company limited by guarantee)

**Report of the Council of Management
and Financial Statements**

Year Ended

31 March 2003



BDO

BDO Stoy Hayward
Chartered Accountants

PEPER HAROW (SOUTH) LIMITED
(a company limited by guarantee)

Annual report and financial statements for the year ended 31 March 2003

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PEPER HAROW (SOUTH) LIMITED
(a company limited by guarantee)

Report of the Council of Management and financial statements for the year ended 31 March 2003

Council members

The Council Members (directors of the company) during the year were:

Mr A H Isaacs, BA
Mr J Pethick, BA
Mrs E Eskenzi, JP
Ms E M Szwed LLB (Hons)

Company Secretary

Mrs E A Hunter BA (Hons) MCIPD (appointed 11 September 2002)

Treasurer

Mr B J P Cotton FCA

Auditors

BDO Stoy Hayward, Northside House, 69 Tweedy Road, Bromley, Kent BR1 3WA

Company number

3547839

Charity number

286909

Bankers

Coutts & Co, 440 Strand, London WC2R 0QS
HSBC Bank plc, 83 Sidcup High Street, Sidcup, Kent, DA14 6DN

Solicitors

Stephenson Harwood, 1 St Paul's Churchyard, London, EC4M 8SH

Registered Office

Station House, 150 Waterloo Road, London, SE1 8SB

PEPER HAROW (SOUTH) LIMITED

(a company limited by guarantee)

Report of the Council of Management for the year ended 31 March 2003

Peper Harow (South) Limited was incorporated as a company limited by guarantee under company number 3547839 on 17 April 1998 under the name Startbeam Limited. It changed its name to Peper Harow (South) Limited on 26 February 1999. It is also registered as a charity (number 286909) under the umbrella of the Peper Harow Foundation, its sole member.

Aims

The aims of the company are:

1. To promote and further the care, treatment, education and rehabilitation of children and young people who are psychologically and emotionally disturbed;
2. To provide for the rehabilitation and care of such children by the provision of fostering and family support services.

Activities

The charity made a deficit of £94,760 for the year.

For a more in depth analysis of activities during the year please refer to the accounts of the ultimate holding company, Peper Harow Foundation.

The Council of Management

All Council members are required to retire from office by rotation and are again eligible for re-election. The Articles set out a standard nomination procedure pursuant to which existing Council members may propose new Council members for appointment.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Council of Management



A H Isaacs
Chairman

Date: 26.11.03

PEPER HAROW (SOUTH) LIMITED

(a company limited by guarantee)

Report of the Council of Management and financial statements for the year ended 31 March 2003

Statement of Responsibilities of Members of the Council

Law applicable to incorporated charities in England and Wales requires the Members of the Council (who are the directors of the company) to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Charity at the end of the period and of its financial activities during the period then ended. In preparing those financial statements, the Council Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Members of the Council are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

PEPER HAROW (SOUTH) LIMITED
(a company limited by guarantee)

Report of the independent auditors

To the member of Peper Harow (South) Limited

We have audited the accounts of Peper Harrow (South) Limited for the year ended 31 March 2003 on pages 6 to 14 which have been prepared under the accounting policies set out on pages 8 to 9.

Respective responsibilities of Council of Management and auditors

The Council of Management's responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of Members of the Council.

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 Council of Managements' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all information and explanations we require for our audit, or if any information specified by law regarding Trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Report of the Council of Management and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

PEPER HAROW (SOUTH) LIMITED
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Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company affairs as at 31 March 2003 and of the charity's incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants and
Registered Auditors
Bromley

Date: *26 November 2003*

PEPER HAROW (SOUTH) LIMITED
(a company limited by guarantee)

Statement of financial activities for the year ended 31 March 2003

	Note	Total funds 2003 £	Total funds 2002 £
Income and expenditure			
Incoming resources			
Activities in furtherance of the charity's objects:			
Local authority fees		836,264	694,832
Movement of fees received in advance		-	(39,018)
		<hr/>	<hr/>
		836,264	655,814
Donations		2,716	9,200
Other income		1,371	83
		<hr/>	<hr/>
Total incoming resources		840,351	665,097
		<hr/>	<hr/>
Resources expended			
Provision of services to children		878,934	758,777
Management and administration of the charity		56,177	35,190
		<hr/>	<hr/>
Total resources expended	2	935,111	793,967
		<hr/>	<hr/>
Net outgoing resources for the year	3	(94,760)	(128,870)
Balance brought forward at 1 April 2002		(186,765)	(57,895)
		<hr/>	<hr/>
Balance carried forward at 31 March 2003		(281,525)	(186,765)
		<hr/>	<hr/>

No statement of total recognised gains and losses has been produced, as all reserve movements are shown in the statement of financial activities.

All transactions are derived from continuing operations.

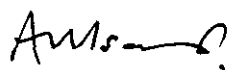
The notes on pages 8 to 14 form part of these financial statements.

PEPER HAROW (SOUTH) LIMITED
(a company limited by guarantee)

Balance sheet at 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	5		391		783
Current assets					
Debtors	6	83,381		112,688	
Cash at bank and in hand		10,561		1,512	
		<u>93,942</u>		<u>114,200</u>	
Creditors: amounts falling due within one year	7	<u>(375,858)</u>		<u>(301,748)</u>	
Net current liabilities			<u>(281,916)</u>		<u>(187,548)</u>
Net liabilities			<u>(281,525)</u>		<u>(186,765)</u>
Capital and reserves					
Unrestricted funds			<u>(281,525)</u>		<u>(186,765)</u>

The financial statements were approved by the Council of Management on 26.11.03 and were signed on its behalf by:



A H Isaacs
Council member

The notes on pages 8 to 14 form part of these financial statements.

PEPER HAROW (SOUTH) LIMITED

(a company limited by guarantee)

Notes forming part of the financial statements for the year ended 31 March 2003

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Charities Commission Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000, and applicable accounting standards.

These financial statements have been prepared on the basis that the company can continue as a going concern. For this basis to apply, the company is dependent upon the continued support that its parent company has undertaken to provide for the foreseeable future.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Leasehold improvements	—	20% per annum
Motor vehicles	—	33 $\frac{1}{3}$ % per annum
Fixtures, fittings, tools and equipment	—	20% per annum

Income and expenses

Expenses, rental income and fees are accounted for on an accruals basis. Other income is accounted for when received.

Funds

The company has the following funds:

Unrestricted funds

These represent funds which can be expended as trustees see fit, in accordance with the charitable objects of the company.

Allocation of expenses

Donations made to the ultimate parent company, as an appreciation of the benefit of that company's head office function, help and support, are classified as management and administration. These donations are unconditional and are made at the entire discretion of the Council. Legal and professional fees incurred directly are also classified as management and administration. All other expenditure has been classified as provision of services to Children.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

PEPER HAROW (SOUTH) LIMITED
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Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)

1 Accounting policies (Continued)

Cash flow statement

Under the Charities Commission Statement of Recommended Practice and the Companies Act, the Charity is exempt from the requirement to prepare a cash flow statement on the grounds that it is consolidated in the financial statements of the ultimate parent company.

Pension costs

One of the charitable company's employees belonged to the Surrey County Council Pension Fund during the year, which is a defined benefit scheme. As it is not possible to identify the charity's share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis, contributions are charged to the income and expenditure account as they are paid.

Employees who are not eligible to belong to the above scheme may belong to a group personal pension plan operated by the company's parent undertaking. The assets of this plan are held separately from that of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the plan in respect of the accounting period. The assets of this plan are held separately from those of the company in an independently administered fund.

2 Analysis of total resources expended

	2003 £	2002 £
Provision of services to children		
Staff costs	569,326	517,598
Consultancy	69,725	47,625
Insurance	7,860	2,265
Occupancy costs	72,226	83,499
Education	22,002	14,670
Maintenance	24,805	13,563
Provisions	65,757	32,378
Transport and travelling	15,487	15,843
Depreciation	392	11,488
Administration	21,222	15,677
Other expenditure	10,132	4,171
Total cost of provision of services to children	878,934	758,777

PEPER HAROW (SOUTH) LIMITED

(a company limited by guarantee)

Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)**2 Analysis of total resources expended (Continued)**

	2003 £	2002 £
Management and administration		
Donation to ultimate parent company	50,000	30,000
Legal & professional	3,099	5,190
	<hr/>	<hr/>
Bank charges	762	-
Bad debts expense	2,316	-
	<hr/>	<hr/>
		-
Total management and administration	56,177	35,190
	<hr/>	<hr/>
Total resources expended	935,111	793,967
	<hr/>	<hr/>

3 Net outgoing resources

	2003 £	2002 £
Net outgoing resources for the year are stated after charging:		
Auditor's remuneration	3,084	3,525
Depreciation of tangible fixed assets	392	11,488
Rentals payable under operating leases:		
Land and buildings	60,000	30,000
Professional indemnity insurance	1,140	925
	<hr/>	<hr/>

PEPER HAROW (SOUTH) LIMITED

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Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)**4 Staff numbers and costs**

The average number of persons employed by the Charity during the year was 27 (2002: 24).

The aggregate payroll costs of these persons were as follows:

	2003 £	2002 £
Wages and salaries	489,509	443,996
Social security costs	42,428	39,907
Other pension costs	8,763	7,086
	<u>540,700</u>	<u>490,989</u>

No payments or remuneration were made to Members of the Council of Management during the year (2002: £Nil). Reimbursements of expenses incurred when travelling to or engaged upon, the business of the charity amounted to £Nil (2002: £Nil).

The number of employees whose emoluments for the year was greater than £50,000 is £Nil (2002: £Nil).

5 Tangible fixed assets

	Motor vehicles £	Fixtures, fittings tools and equipment £	Total £
<i>Cost</i>			
At 1 April 2002 and 31 March 2003	10,500	1,959	12,459
<i>Depreciation</i>			
At 1 April 2002	10,500	1,176	11,676
Charge for year	-	392	392
At 31 March 2003	10,500	1,568	12,068
<i>Net book value</i>			
At 31 March 2003	-	391	391
At 31 March 2002	-	783	783

PEPER HAROW (SOUTH) LIMITED

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Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)**6 Debtors**

	2003 £	2002 £
Trade debtors	77,916	70,441
Other debtors	465	1,439
Prepayments and accrued income	5,000	40,808
	<u>83,381</u>	<u>112,688</u>

All amounts shown under debtors fall due for payment within one year.

7 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to parent undertaking	253,674	184,117
Taxation and social security	14,875	12,197
Other creditors	23,024	21,101
Accruals and deferred income	84,285	84,333
	<u>375,858</u>	<u>301,748</u>

8 Joint ventures

During the year ended 31 March 2002, the charitable company entered into an agreement with St Michael's Fellowship for the joint provision of a therapeutic treatment centre for families in the London area, based in Herne Hill. The charitable company is liable for 50% of any deficit suffered by the joint venture, but any surplus arising would only be available for the charitable company to use in the furtherance of its own charitable activities with the agreement of St Michael's Fellowship. Overall the joint venture is expected to break even and has not, therefore, been included in the accounts of the charitable company. If at a further date, the joint venture is expected to make a loss overall then the charitable company will recognise its share a loss at that date. The results of the joint venture based on management accounts for the years ended 31 March 2003 and 31 March 2002 were:

	2003 £	2002 £
Income	301,219	217,423
Expenditure	297,271	(240,321)
	<u>3,948</u>	<u>(22,898)</u>

PEPER HAROW (SOUTH) LIMITED

(a company limited by guarantee)

Notes forming part of the financial statements for the year ended 31 March 2003 (*Continued*)

8 Joint ventures (*continued*)

During the year ended 2002, the charitable company entered into an agreement with the Caldecott Foundation for the joint provision of providing series to foster families and children. The charitable company is liable for 50% of any default suffered by the joint venture, but any surplus arising would only be available for the charitable company to use in furtherance of its own activities with the agreement of the Caldecott Foundation. The joint venture has not therefore, been included in the company's accounts.

The results of the joint venture based on management accounts for the period ended 31 March 2002 were:

	2002 £
Income	137,575
Expenditure	(141,404)
	<hr/>
Deficit for the period	(3,829)
	<hr/>

This arrangement ceased on 30 September 2002.

10 Pension scheme

a) Surrey County Council Pension Scheme

One of the charitable company's employees is a member of the Surrey County Council Pension Scheme which is a defined benefit scheme, the assets being held in separate Trustee administered funds. Contributions to this scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to the return on investments and the rates of increase in salaries and pensions.

It was assumed that the investment returns would be 6.24% per annum, that salary increases would average 5.25% per annum and that present and future pensions would increase at the rate of 2.5% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was 989 million and that actuarial value of those assets represented 75% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contributions of the company during the year were 238% of the members contribution.

The pension charge for the year was £2,443 (2002: £Nil).

PEPER HAROW (SOUTH) LIMITED

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Notes forming part of the financial statements for the year ended 31 March 2003 (Continued)

10 Pension scheme (Continued)**b) Group Personal Pension Plan**

A Group personal pension plan exists for employees who are not eligible to be part of the above scheme. This is a defined contribution scheme. The pension cost charge for the period represents contributions payable by the charitable company to the fund and amounted to £4,827 (2002: £7,085).

There were no outstanding or prepaid contributions either at the beginning of end or the financial year.

11 Commitments

Annual commitments under non-cancellable operating leases at 31 March 2003 were as follows:

	Land and buildings 2003	Land and buildings 2002
Leased assets which expire:		
Within one year	60,000	30,000

12 Related party disclosures

The charity has taken advantage of the exemption conferred by FRS 8, "Related party disclosures" not to disclose transactions with members of the group headed by the Peper Harow Foundation on the grounds that at least 90% of the voting rights in the charity are controlled within that group and the charity is included in those consolidated financial statements.

13 Ultimate holding company

The charitable company's controlling party and immediate and ultimate holding company is the Peper Harow Foundation, a company incorporated in England and Wales.

Copies of the consolidated financial statements of the Peper Harow Foundation are available from Companies House.