

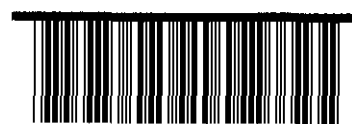
**Peper Harow (South) Limited (a company limited  
by guarantee and not having a share capital)**

**Report of the Council of Management  
and Accounts**

Company registered number: 3547839

Charity registered number: 286909

31 March 2000



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## **Council members**

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

Mr AH Isaacs, BA  
Mr J Pethick, BA  
Mrs J Isaacs, BA, JP  
Mrs E Eskenzi, JP  
Mr GL Thomas (appointed 27 May 1999)

### **Company secretary**

Ms R Torrington

### **Treasurer**

Mr BJP Cotton FCA  
Hardwycke House  
Knott Park  
Oxshott  
Surrey KT22 0HZ

### **Auditors**

KPMG  
Norfolk House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HA

### **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

## Report of the Council of Management

Peper Harow (South) Limited was incorporated under company number 3547839 on 17 April 1998 as a company limited by guarantee 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

During the period ended 31 March 1999 the company did not commence its activities. However, an element of set up costs for these activities was incurred. During the current year the Company took responsibility for the oversight of the Foundation's Goldwell and Greenfields centres in Kent. The Company also entered into an agreement with St Michael's Fellowship for the joint provision of a therapeutic treatment centre for families in the London area. It also signed a Service Agreement with NCH Action for Children under the terms of which the partners will seek to find appropriate premises from which to run a therapeutic childcare centre in the South London area, at which the Company would manage the day-to-day operations. The Company subsequently contracted with the Caldecott Foundation to provide jointly a foster placement service for children and young people leaving their respective residential centres. The Company is thus now geared up to provide a wide ranging spectrum of services to seriously damaged children and young people.

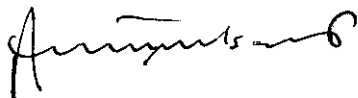
### The Council of Management

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

KPMG have indicated that they will not be seeking reappointment as auditors of the company.

By order of the Council of Management



AH Isaacs  
Chairman, Council Member

Station House  
150 Waterloo Road  
London  
SE1 8SB

## **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 year which give a true and fair view of the state of affairs of the Charity at the end of the year and of its financial activities during the year 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.



Norfolk House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HA

## **Report of the auditors to the members of Peper Harow (South) Limited**

We have audited the financial statements on pages 5 to 12.

### **Respective responsibilities of the Members of the Council and auditors**

As described on page 3, the Members of the Council, who are also the directors of Peper Harow (South) Limited for the purposes of company law, are responsible for preparing the Report of the Council of Management and the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the Report of the Council of Management is not consistent with the financial statements, if the charity 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.

### **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 Members of the Council in the preparation of the financial statements, 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 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 charitable company as at 31 March 2000 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

*Chartered Accountants  
Registered Auditors*

*9 November 2000.*

**Statement of financial activities**  
*for the year ended 31 March 2000*

	<i>Note</i>	<b>Year ended 31 March 2000</b>	<b>50 weeks ended 31 March 1999</b>
		<b>£</b>	<b>£</b>
<b>Income and expenditure</b>			
<i>Incoming resources</i>			
Fee income		512,710	-
Less: deferred to future years		(17,459)	-
		<hr/>	<hr/>
		495,251	-
Donation income		20,481	-
Other income		35,380	-
		<hr/>	<hr/>
<b>Total incoming resources</b>		<b>551,112</b>	<b>-</b>
		<hr/>	<hr/>
<i>Resources expended</i>			
Direct charitable expenditure		536,015	8,236
Management and administration of the charity		20,000	-
		<hr/>	<hr/>
<b>Total resources expended</b>	<b>3</b>	<b>556,015</b>	<b>8,236</b>
		<hr/>	<hr/>
<b>Net outgoing resources for the year / period</b>	<b>4</b>	<b>(4,903)</b>	<b>(8,236)</b>
Balance brought forward at 1 April 1999		(8,236)	-
		<hr/>	<hr/>
<b>Balance carried forward at 31 March 2000</b>		<b>(13,139)</b>	<b>(8,236)</b>
		<hr/>	<hr/>

All funds are unrestricted income funds.

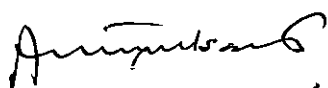
No statement of total recognised gains and losses has been produced, as all reserve movements are shown in the statement of financial activities.

All transactions are derived from continuing operations.

**Balance sheet**  
*at 31 March 2000*

	<i>Note</i>	<b>2000</b>	<b>1999</b>
		£	£
<b>Fixed assets</b>			
Tangible assets	6	31,353	10,500
<b>Current assets</b>			
Debtors	7	21,966	-
Cash at bank and in hand		27,053	-
		<u>49,019</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(93,511)</u>	<u>(18,736)</u>
<b>Net current liabilities</b>		<u>(44,492)</u>	<u>(18,736)</u>
<b>Net liabilities</b>		<u>(13,139)</u>	<u>(8,236)</u>
<b>Capital and reserves</b>			
Unrestricted funds		<u>(13,139)</u>	<u>(8,236)</u>

These financial statements were approved by the Council of Management on 26 September 2000 and were signed on its behalf by:



**AH Isaacs**  
*Council Member*



## Notes

*(forming part of the financial statements)*

### 1 Legal status

Peper Harow (South) Limited is a company limited by guarantee without share capital, and registered in England. The liability of members is limited to a maximum of £1 each.

### 2 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 by Charities", 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 1/3% per annum
Fixtures, fittings, tools and equipment	-	20% per annum

#### *Income and expenses*

Expenses and fee income are accounted for on an accruals basis. Other income is accounted for when received.

#### *Allocation of expenses*

The fund-raising and publicity and management and administration of the company are carried out by the parent undertaking in return for a management fee. Consequently, all expenditure other than the management fee has been classified as direct charitable expenditure.

#### *Taxation*

The company is registered as a charity and is not in normal circumstances subject to corporation tax.

#### *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.

#### *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 of its size.

## Notes (continued)

### 2 Accounting policies (continued)

#### *Pension costs*

A number of the company's employees belong to the Surrey County Council Pension Scheme, which is a defined benefit scheme. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over employee's working lives with the company.

### 3 Analysis of resources expended

	Year ended 31 March 2000 £	50 weeks ended 31 March 1999 £
<b>Direct charitable expenditure</b>		
Staff costs	360,429	-
Consultancy	24,546	-
Occupancy costs	50,185	-
Education	25,927	-
Maintenance	50	6,826
Provisions	21,162	-
Transport and travelling	15,152	-
Depreciation	9,588	-
Professional fees	11,765	1,410
Administration	10,148	-
Other expenditure	7,063	-
<b>Total direct charitable expenditure</b>	<b>536,015</b>	<b>8,236</b>
<b>Management and administration</b>		
Management fee	20,000	-
<b>Total resources expended</b>	<b>556,015</b>	<b>8,236</b>

### 4 Net outgoing resources

	Year ended 31 March 2000 £	50 weeks ended 31 March 1999 £
<i>Net outgoing resources for the year are stated after charging:</i>		
Auditors' remuneration	2,350	-
Depreciation of tangible fixed assets	9,588	-
Rentals payable under operating leases:		
Land and buildings	30,000	-
Professional indemnity insurance	1,286	-

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Charity during the year was 20 (1999: Nil).

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2000 £	50 weeks ended 31 March 1999 £
Wages and salaries	314,188	-
Social security costs	27,380	-
Other pension costs	3,689	-
	<u>345,257</u>	<u>-</u>

No payments or remuneration were made to Members of the Council of Management during the year (1999: £Nil). Reimbursements of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £Nil (1999: £Nil).

### 6 Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>				
At beginning of the year	-	10,500	-	10,500
Additions	28,482	-	1,959	30,441
At end of the year	<u>28,482</u>	<u>10,500</u>	<u>1,959</u>	<u>40,941</u>
<b>Depreciation</b>				
At beginning of the year	-	-	-	-
Charge for the year	5,696	3,500	392	9,588
At end of the year	<u>5,696</u>	<u>3,500</u>	<u>392</u>	<u>9,588</u>
<b>Net book value</b>				
At 31 March 2000	<u>22,786</u>	<u>7,000</u>	<u>1,567</u>	<u>31,353</u>
At 31 March 1999	<u>-</u>	<u>10,500</u>	<u>-</u>	<u>10,500</u>

All of the above assets are held for direct charitable purposes.

**Notes (continued)**

**7 Debtors**

	2000 £	1999 £
Fee debtors	3,897	-
Prepayments and accrued income	18,069	-
	<u>21,966</u>	<u>-</u>

**8 Creditors: amounts falling due within one year**

	2000 £	1999 £
Payments received on account	7,590	-
Amounts owed to parent undertaking	66,501	18,736
Taxation and social security	834	-
Other creditors	6,836	-
Accruals and deferred income	11,750	-
	<u>93,511</u>	<u>18,736</u>

**9 Commitments**

Annual commitments under non-cancellable operating leases at 31 March 2000 were as follows:

	Land and buildings	
	2000 £	1999 £
<i>Leases which expire</i>		
In two to five years	30,000	-

## Notes (continued)

### 10 Joint venture

During the year the 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 company is liable for 50% of any deficit suffered by the joint venture, but any surplus arising would only be available for the company to use in the furtherance of its own charitable activities with the agreement of St Michael's Fellowship. The joint venture has not, therefore, been included in the accounts of the company. The results of the joint venture for the period ended 31 March 2000 were:

	£
Income	48,875
Expenditure	(63,487)
	<hr/>
Deficit for the period	(14,612)
	<hr/>

The company's share of this deficit has not been provided in the accounts as the Council of Management do not believe that a liability to pay this amount exists.

### 11 Pension contributions

A number of the company's employees are members 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 income and expenditure 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 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

It was assumed that the investment returns would be 7.5% per annum, that salary increases would average 5.25% per annum and that present and future pensions would increase at the rate of 3.5% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £813.6 million and that the 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 £3,689 (1999: £Nil).

**Notes** *(continued)*

**12 Related party disclosures**

During the year the company paid rent of £30,000 to the bursar, Mr DS and Mrs MA Colwell, in respect of the company's premises at Goldwell.

No disclosure has been made of transactions with other group companies, as the company is a wholly owned subsidiary of the Peper Harow Foundation (the ultimate and immediate controlling party), whose consolidated accounts are available from Companies House, Crown Way, Cardiff.

The company is connected to the following registered charities:

Peper Harow Foundation  
Peper Harow (Midlands) Limited (formerly Thornby Hall Limited)  
Peper Harow (East Anglia) Limited  
Princess Mary's Trust  
Cumberlow Community Limited

The registered address for all of these is: Station House, 150 Waterloo Road, London, SE1 8SB.

**13 Ultimate holding company**

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