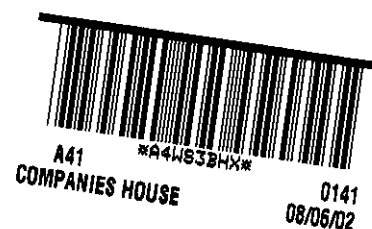


**HIGHFIELD SCHOOL (LIPHOOK) LIMITED
REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2001**

COMPANY NUMBER: 1220993



Birch & Co
Chartered Accountants
The Oast House
Park Row
Farnham
Surrey
GU9 7JH

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001**

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HIGHFIELD SCHOOL (LIPHOOK) LIMITED
DIRECTORS' REPORT

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The directors present their report and the audited financial statements for the year ended 31 August 2001.

Principal Activities

The company's principal activity is the provision of preparatory school education for boys and girls.

Directors


The directors who held office throughout the year and their interest in the shares of the company were as follows:

	Number of ordinary shares of £1 each	
	31 August 2001	31 August 2000
A E Herring (resigned 31/12/01)	-	-
W S Mills	4,999	4,999
J W Wardrobe	-	-
C J C Martin	-	-
J A Herring	-	-
Mrs D Jenner	-	-
P G Evitt	-	-

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

BY ORDER OF THE BOARD

Registered office:


C J C Martin
SECRETARY

Highfield School
Highfield Lane
Liphook
Hampshire
GU30 7LQ

28 May 2002

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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 these 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.

**INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDERS OF HIGHFIELD SCHOOL (LIPHOOK) LIMITED**

Page 4

We have audited the financial statements of Highfield School (Liphook) Limited for the year ended 31 August 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDERS OF HIGHFIELD SCHOOL (LIPHOOK) LIMITED**

Page 4A

Opinion

In our opinion the financial statements give a true & fair view of the state of the company's affairs at 31 August 2001 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



BIRCH & CO
Chartered Accountants
Registered Auditors

6th June 2002

The Oast House
Park Row
Farnham
Surrey
GU9 7JH

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2001

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	Notes	2001 £	2000 £
Turnover	1b	1,897,194	1,648,532
Cost of sales		<u>(1,062,179)</u>	<u>(918,131)</u>
Gross Profit		835,015	730,401
Administrative expenses		<u>(774,428)</u>	<u>(786,993)</u>
Operating Profit/(Loss)	2	60,587	(56,592)
Interest received		<u>-</u>	<u>298</u>
Profit/(Loss) on Ordinary Activities Before Taxation		60,587	(56,294)
Tax on ordinary activities	3	<u>21,476</u>	<u>7,181</u>
Profit/(Loss) for the Financial Year	9	<u><u>39,111</u></u>	<u><u>(49,113)</u></u>

Statement of Recognised Gains and Losses

There are no gains or losses other than the profit/(loss) for the years as shown.

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
BALANCE SHEET
AT 31 AUGUST 2001

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	Notes	2001 £	2000 £
Fixed Assets			
Tangible assets	4	1,616,494	1,573,806
Current Assets			
Stock	5	13,179	12,831
Debtors	6	133,795	114,834
Cash at bank and in hand		27	208
		<u>147,001</u>	<u>127,873</u>
Creditors - amounts falling due within one year	7	<u>680,728</u>	<u>650,011</u>
Net Current Liabilities		<u>(533,727)</u>	<u>(522,138)</u>
Total Assets Less Current Liabilities		<u>1,082,767</u>	<u>1,051,668</u>
Creditors - amounts due after more than one year	8	(625,000)	(631,143)
Provision for liabilities and charges	3	<u>(9,770)</u>	<u>(11,639)</u>
Net Assets		<u><u>447,997</u></u>	<u><u>408,886</u></u>
Capital and Reserves			
Share capital	10	5,000	5,000
Other reserves	11	6,583	6,583
Profit and loss account		<u>436,414</u>	<u>397,303</u>
Shareholders Funds		<u><u>447,997</u></u>	<u><u>408,886</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and the FRSSE 2000.

The financial statements on pages 5 to 11 were approved by the board of directors on 2002 and were signed on its behalf by:

W S Mills 29/5/02
 W S Mills Director

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001

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1. Accounting Policies

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

a) Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting.

b) Turnover

Turnover represents the total amount receivable by the company from the provision of educational services.

c) Deferred Taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which the items are recognised for accounting purposes. The company provides for deferred taxation at the current rate of tax on timing differences, except where it can be reasonably demonstrated that no corporation tax liabilities will arise in the foreseeable future.

d) Depreciation

Depreciation is charged on a straight-line basis at such a rate as will write off the cost or valuation, less estimated residual value, of the assets over their expected useful life. The rates used are as follows:

Computers	33%
Farm implements	25%
Motor vehicles	20%
Fixtures fittings & equipment	10%
Freehold land and buildings	2%

e) Pension Costs

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

2. Operating Profit

Is stated after charging :

	2001 £	2000 £
Auditors' remuneration	3,950	3,750
Directors' emoluments	96,270	83,942
Depreciation	74,697	66,339

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2001

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	2001 £	2000 £
3. Taxation		
a) Profit and Loss Account		
United Kingdom corporation tax at the rate applicable to small companies on the ordinary activities for the period	20,254	(15,324)
Under/(over) provision prior year	3,091	-
Deferred taxation	<u>(1,869)</u>	<u>8,143</u>
	<u>21,476</u>	<u>(7,181)</u>
b) Deferred Taxation		
	2001 Full potential liability and provision made £	2000 Full potential liability and provision made £
Capital allowances in advance of depreciation	<u>9,770</u>	<u>11,639</u>
Deferred taxation		
Balance at 1 September 2000	11,639	3,496
Transfer to the Profit and Loss Account	<u>(1,869)</u>	<u>8,143</u>
Balance at 31 August 2001	<u>9,770</u>	<u>11,639</u>

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2001

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4. Tangible Fixed Assets

	Freehold Land & Buildings £	Motor Vehicles £	Fixtures Fittings & Equipment £	Computers £	Total £
Cost or Valuation					
At 1 September 2000	1,576,806	14,700	260,326	57,579	1,909,411
Additions	89,074	-	26,555	3,031	118,660
Disposals	-	-	(1,275)	-	(1,275)
At 31 August 2001	<u>1,665,880</u>	<u>14,700</u>	<u>285,606</u>	<u>60,610</u>	<u>2,026,796</u>
Depreciation					
At 1 September 2000	143,843	5,840	166,731	19,191	335,605
Charge for year	33,318	2,590	18,588	20,201	74,697
Reversed	-	-	-	-	-
At 31 August 2001	<u>177,161</u>	<u>8,430</u>	<u>185,319</u>	<u>39,392</u>	<u>410,302</u>
Net Book Value					
As at 31 August 2001	<u>1,488,719</u>	<u>6,270</u>	<u>100,287</u>	<u>21,218</u>	<u>1,616,494</u>
As at 31 August 2000	<u>1,432,963</u>	<u>8,860</u>	<u>93,595</u>	<u>38,388</u>	<u>1,573,806</u>

	2001 £	2000 £
5. Stock		
Consumables	8,728	11,882
Goods for resale	4,451	949
	<u>13,179</u>	<u>12,831</u>
6. Debtors		
Trade debtors	76,440	64,030
Other debtors	53,137	49,165
Prepayments	4,218	1,639
	<u>133,795</u>	<u>114,834</u>

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2001

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	2001 £	2000 £
7. Creditors: Amounts Falling Due Within One Year		
Bank overdraft	321,900	210,412
Trade creditors	68,764	123,688
Other creditors	42,017	67,399
Other taxation and social security	19,489	28,049
Corporation tax	20,254	-
Accruals and deferred income	158,304	176,606
Bank loan	75,000	-
	<u>705,728</u>	<u>606,154</u>
8. Creditors: Amounts Falling Due After More Than One Year		
Long term loan	300,000	300,000
Bank loan	300,000	375,000
	<u>600,000</u>	<u>675,000</u>
The bank overdraft and loan are secured by a fixed charge over the freehold property.		
9. Profit and Loss Account		
As at 1 September 2000	397,303	446,416
Transfer to/from reserves	39,111	(49,113)
	<u>436,414</u>	<u>397,303</u>
10. Share Capital		
Authorised, allotted, called up and fully paid:		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
11. Reserves		
Capital Reserve	<u>6,583</u>	<u>6,583</u>

HIGHFIELD SCHOOL (LIPHOOK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2001

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12. Capital Commitments

There were no capital commitments at 31 August 2001 (2000: £56,125).

13. Contingent Liabilities

There were no contingent liabilities at 31 August 2001 (2000: £Nil).

14. Pension Commitments

The teaching staff are members of the DFE Teachers' Pension Agency Teachers' Superannuations Scheme, which is a defined benefit scheme. The assets of the scheme are held separately from those of the School in an independently administered fund. The pension costs charge represents the contributions payable by the School to the scheme and amounted to £42,449 during the year ended 31 August 2001 (2000: £38,181).

The School also operates several defined contribution schemes. The assets are held separately from those of the School in independently administered funds. The pension cost charge represents contributions payable by the School to the funds and amounted to £12,777 during the year ended 31 August 2001 (2000: £14,157).

15. Related Party Transactions

During the year the company provided catering, housekeeping and other running costs amounting to £61,318 (2000: £36,536) to Brookham School Ltd and Brookham Properties (Liphook) Ltd, companies under the control of the director, W S Mills. At 31 August 2001 Brookham Properties (Liphook) Ltd owed £42,921 (2000: £15,594) to the company. During the year the company paid loan interest amounting to £18,000 to Mrs E C Mills, wife of the director W S Mills, (2000: £18,000).

16. Obligations Under Operating Leases

At 31 August 2001 the company had annual commitments under a seven year operating lease as follows:

Expiry date:	2001 Land & Buildings	2000 Land & Buildings
Within one year	-	-
2 - 5 years	-	-
Over 5 years	10,380	7,160
	<u>10,380</u>	<u>7,160</u>

The company's lease of land and buildings is subject to a rent review every third year.