

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED  
REPORT AND FINANCIAL STATEMENTS  
31 AUGUST 2003**

**COMPANY NUMBER: 1220993**



Birch Sergeant  
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 2003**

Page 1

<b>Contents</b>	<b>Page</b>
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow forecast	7 - 9
Notes to the financial statements	10 - 15

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**DIRECTORS' REPORT**

Page 2

The directors present their report and the audited financial statements for the year ended 31 August 2003.

**Principal Activities**

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

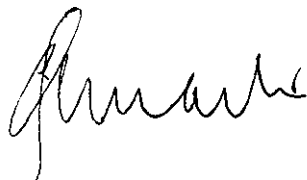
**Directors**

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 2003	31 August 2002
W S Mills	4,999	4,999
J W Wardrobe	-	-
C J C Martin	-	-
J A Herring	-	-
Mrs D Jenner (resigned 3/7/03)	-	-
P G S Evitt	-	-
J Leigh	-	-
D E Gardiner (appointed 1/9/03)	-	-

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



C J C Martin  
SECRETARY

23rd April 2004

Registered office:

Highfield School  
Highfield Lane  
Liphook  
Hampshire  
GU30 7LQ

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Page 3

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 2003 on pages five to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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**

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



BIRCH SERGEANT

Chartered Accountants

Registered Auditors

27th April 2004

The Oast House  
Park Row  
Farnham  
Surrey  
GU9 7JH

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 5

	Notes	2003 £	2002 £
<b>Turnover</b>	1b	2,400,023	2,113,612
Cost of sales		<u>(1,268,673)</u>	<u>(1,174,691)</u>
<b>Gross Profit</b>		1,131,350	938,921
Administrative expenses		<u>(832,708)</u>	<u>(866,285)</u>
<b>Operating Profit</b>	2	298,642	72,636
Interest received		10	-
Interest payable		<u>35,900</u>	<u>45,995</u>
<b>Profit on Ordinary Activities Before Taxation</b>		262,752	26,641
Tax on ordinary activities	3	<u>87,280</u>	<u>11,348</u>
<b>Profit for the Financial Year</b>		<u><u>175,472</u></u>	<u><u>15,293</u></u>

**Statement of Recognised Gains and Losses**

There are no gains or losses other than the profit for the years as shown.

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**BALANCE SHEET**  
**AT 31 AUGUST 2003**

Page 6

	Notes	2003 £	2002 £
<b>Fixed Assets</b>			
Tangible assets	4	1,643,287	1,600,959
<b>Current Assets</b>			
Stock	5	52,752	30,413
Debtors	6	71,954	105,095
Cash at bank and in hand		56	232
		<u>124,762</u>	<u>135,740</u>
<b>Creditors - amounts falling due within one year</b>	7	<u>702,967</u>	<u>755,271</u>
<b>Net Current Liabilities</b>		<u>(578,205)</u>	<u>(619,531)</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,065,082</u>	<u>981,428</u>
<b>Creditors - amounts due after more than one year</b>	8	(421,000)	(510,000)
Provision for liabilities and charges	3	<u>(5,320)</u>	<u>(8,138)</u>
<b>Net Assets</b>		<u><u>638,762</u></u>	<u><u>463,290</u></u>
<b>Capital and Reserves</b>			
Share capital	10	5,000	5,000
Profit and loss account	9	<u>633,762</u>	<u>458,290</u>
<b>Shareholders Funds</b>		<u><u>638,762</u></u>	<u><u>463,290</u></u>

The financial statements on pages 5 to 15 were approved by the board of directors on *23rd April* 2004 and were signed on its behalf by:

*W S Mills*  
W S Mills Director



**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**CASH FLOW STATEMENT**  
**31 AUGUST 2003**

Page 7

	Notes	£	2003	£	£	2002	£
<b>Net cash inflow from operating activities</b>	A			311,878			300,515
<b>Returns on investments and servicing of finance</b>	B			(35,900)			(45,995)
<b>Taxation</b>							
Corporation tax paid				(12,987)			(20,254)
CT interest/refund received				3			7
<b>Capital Expenditure</b>	B			(115,162)			(67,939)
<b>Acquisitions and disposals</b>	B			-			-
<b>Net cash inflow</b>				147,832			166,334
<b>Financing</b>	B			(89,000)			(90,000)
<b>Increase in cash in the period</b>				<u>58,832</u>			<u>76,334</u>
<b>Reconciliation of net cashflow to movement in net debt</b>	C						
Increase in cash during the year			58,832			76,334	
Cash outflow from decrease in debt and lease financing			<u>89,000</u>			<u>90,000</u>	
Change in net debt resulting from cash flows				<u>147,832</u>			<u>166,334</u>
<b>Movement in net debt for year</b>				147,832			166,334
Net funds at 1 September 2002				<u>(830,539)</u>			<u>(996,873)</u>
Net funds at 31 August 2003				<u>(682,707)</u>			<u>(830,539)</u>

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**31 AUGUST 2003**

Page 8

	2003 £	2002 £
<b>A. Reconciliation of operating profits/(losses) to net cash inflow from operating activities</b>		
Operating profit	298,642	72,636
Depreciation charges	73,434	83,474
(Profit)/loss on sale of fixed assets	(600)	-
(Increase) in stock	(22,339)	(17,234)
(Increase)/decrease in debtors	33,141	28,700
Increase/(decrease) in creditors	(70,400)	132,939
Net cash inflow from operating activities	<u>311,878</u>	<u>300,515</u>
<b>B. Analysis of cash flows for headings netted in the cash flow statement</b>		
<b>Returns on investments and servicing of finance</b>		
Interest received	-	-
Interest paid	<u>(35,900)</u>	<u>(45,995)</u>
Net cash inflow for returns on investments and servicing of finance	<u>(35,900)</u>	<u>(45,995)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(122,512)	(67,939)
Sale of tangible fixed assets	<u>7,350</u>	<u>-</u>
Net cash outflow for capital expenditure	<u>(115,162)</u>	<u>(67,939)</u>
<b>Acquisitions and disposals</b>		
Purchase of investments in subsidiary undertakings	<u>-</u>	<u>-</u>
<b>Financing</b>		
Long term loan repayments	(14,000)	(15,000)
Bank loan repayments	<u>(75,000)</u>	<u>(75,000)</u>
	<u>(89,000)</u>	<u>(90,000)</u>

**C. Analysis of changes in net debt**

	At 1.9.02 £	Cash flow £	Other non-cash changes £	At 31.8.03 £
<b>Net cash</b>				
Cash at bank and in hand	(245,539)	58,832	-	(186,707)
<b>Debt</b>	(585,000)	89,000	-	(496,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>(830,539)</u>	<u>147,832</u>	<u>-</u>	<u>(682,707)</u>

**Analysed in Balance Sheet**

Cash at bank and in hand	232	56
Overdraft	(245,771)	(186,763)
Bank loan		
- within one year	(75,000)	(75,000)
- after one year	(225,000)	(150,000)
Long term loan	(285,000)	(271,000)
	<hr/>	<hr/>
	<u>(830,539)</u>	<u>(682,707)</u>

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 10

**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 :

	2003 £	2002 £
Auditors' remuneration	9,612	4,050
Directors' emoluments	109,886	101,525
(Profit) on disposal	(600)	-
Depreciation	73,434	83,474

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 11

	2003 £	2002 £
<b>3. Taxation</b>		
<b>a) Profit and Loss Account</b>		
United Kingdom corporation tax at the rate applicable to small companies on the ordinary activities for the period	74,430	12,987
Under/(over) provision prior year	15,668	(7)
Deferred taxation	<u>(2,818)</u>	<u>(1,632)</u>
	<u>87,280</u>	<u>11,348</u>
<b>b) Deferred Taxation</b>		
	2003 Full potential liability and provision made £	2002 Full potential liability and provision made £
Capital allowances in advance of depreciation	<u>5,320</u>	<u>8,138</u>
Deferred taxation		
Balance at 1 September 2002	8,138	9,770
Transfer to the Profit and Loss Account	<u>(2,818)</u>	<u>(1,632)</u>
Balance at 31 August 2003	<u>5,320</u>	<u>8,138</u>

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 12

**4. Tangible Fixed Assets**

	Freehold Land & Buildings £	Motor Vehicles £	Fixtures Fittings & Equipment £	Computers £	Total £
<b>Cost or Valuation</b>					
At 1 September 2002	1,673,150	14,700	326,637	80,248	2,094,735
Additions	68,481	6,750	34,292	12,989	122,512
Disposals	-	10,500	2,500	-	13,000
At 31 August 2003	<u>1,741,631</u>	<u>10,950</u>	<u>358,429</u>	<u>93,237</u>	<u>2,204,247</u>
<b>Depreciation</b>					
At 1 September 2002	210,624	11,020	205,993	66,139	493,776
Charge for year	34,832	1,840	24,872	11,890	73,434
Reversed	-	3,750	2,500	-	6,250
At 31 August 2003	<u>245,456</u>	<u>9,110</u>	<u>228,365</u>	<u>78,029</u>	<u>560,960</u>
<b>Net Book Value</b>					
As at 31 August 2003	<u>1,496,175</u>	<u>1,840</u>	<u>130,064</u>	<u>15,208</u>	<u>1,643,287</u>
As at 31 August 2002	<u>1,462,526</u>	<u>3,680</u>	<u>120,644</u>	<u>14,109</u>	<u>1,600,959</u>

	2003 £	2002 £
<b>5. Stock</b>		
Consumables	12,364	11,163
Goods for resale	<u>40,388</u>	<u>19,250</u>
	<u>52,752</u>	<u>30,413</u>
<b>6. Debtors</b>		
Trade debtors	38,078	54,906
Other debtors	22,652	42,575
Prepayments	<u>11,224</u>	<u>7,614</u>
	<u>71,954</u>	<u>105,095</u>

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 13

	2003 £	2002 £
<b>7. Creditors: Amounts Falling Due Within One Year</b>		
Bank overdraft	186,763	245,771
Trade creditors	9,457	67,514
Other creditors	55,623	45,414
Other taxation and social security	26,718	22,468
Corporation tax	90,091	12,987
Accruals and deferred income	259,315	286,117
Bank loan	75,000	75,000
	<u>702,967</u>	<u>755,271</u>

**8. Creditors: Amounts Falling Due After More Than One Year**

Long term loan	271,000	285,000
Bank loan	150,000	225,000
	<u>421,000</u>	<u>510,000</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 2002	458,290	436,414
Transfer to/from reserves	175,472	21,876
	<u>633,762</u>	<u>458,290</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. Capital Commitments**

There were no capital commitments at 31 August 2003 (2002: £nil).

**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 14

**12. Contingent Liabilities**

There were no contingent liabilities at 31 August 2003 (2002: £Nil).

**13. 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 £69,730 during the year ended 31 August 2003 (2002: £50,391).

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 £29,020 during the year ended 31 August 2003 (2002: £15,178).

**14. Related Party Transactions**

During the year the company provided catering, housekeeping and other running costs amounting to £28,261 (2002: £77,473) to Brookham Property (Liphook) Ltd, company under the control of the director, W S Mills. At 31 August 2003 Brookham Property (Liphook) Ltd owed £19,635 (2002: £26,639) to the company. During the year the company paid loan interest amounting to £16,940 to Mrs E C Mills, wife of the director W S Mills, (2002: £17,858).

**15. Obligations Under Operating Leases**

At 31 August 2003 the company had annual commitments under a seven year operating lease as follows:

Expiry date:	2003 Land & Buildings	2002 Land & Buildings
Within one year	-	-
2 - 5 years	-	-
Over 5 years	10,380	10,380
	<u>10,380</u>	<u>10,380</u>

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



**HIGHFIELD SCHOOL (LIPHOOK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

Page 15

16. Staff Costs	2003 £	2002 £
Wages and salaries	1,053,949	968,185
Social security costs	82,706	84,186
Other pension costs	98,750	77,818
	<u>1,235,405</u>	<u>1,130,189</u>

The average number of employees during the year were:

Administration	18	16
Teachers	35	38
Management	2	2
	<u>55</u>	<u>56</u>