

**COXLEASE SCHOOL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2003**



# COXLEASE SCHOOL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J. Colclough S.F. Clifffen
<b>Secretary</b>	J. Colclough
<b>Company number</b>	2496463
<b>Registered office</b>	Charter Court Third Avenue Southampton Hampshire SO15 0AP
<b>Auditors</b>	HLB AV Audit Plc Charter Court Third Avenue Southampton HAMPSHIRE SO15 0AP

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# COXLEASE SCHOOL LIMITED

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# COXLEASE SCHOOL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2003

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

### **Principal activities and review of the business**

The principal activity of the company throughout the year was the operation of a residential school.

The number of pupils on the roll continued at near optimum levels which could be taken based on bedroom availability and fees increased by 21%.

The average number of staff on roll increased from 145 to 170 at the end of August 2003.

During last year it was decided to move into the Post 16 market and a house for up to 3 boys was purchased in September 2002 for this purpose.

### **Results and dividends**

The results for the year are set out on page 4.

The directors' interests in the shares of the company were as stated below:

### **Directors**

The following directors have held office since 1 September 2002:

J. Colclough  
S.F. Clifffen

### **Directors' interests**

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2003	1 September 2002
J. Colclough	800	800
S.F. Clifffen	800	800

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB AV Audit Plc be reappointed as auditors of the company will be put to the Annual General Meeting.

# COXLEASE SCHOOL LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

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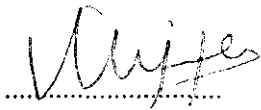
### Directors' responsibilities

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 profit or loss of the company 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;
- 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.

On behalf of the board

  
.....

23.2.04  
.....

# COXLEASE SCHOOL LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COXLEASE SCHOOL LIMITED

We have audited the financial statements of Coxlease School Limited on pages 4 to 17 for the year ended 31 August 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 misstatements within it.

### Basis of audit 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 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 the company's affairs as at 31 August 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*HLB AV Audit Plc*

HLB AV Audit Plc  
Registered Auditor

*24/2/04*  
Charter Court  
Third Avenue  
Southampton  
HAMPSHIRE  
SO15 0AP

# COXLEASE SCHOOL LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	2003 £	2002 £
<b>Turnover</b>	<b>2</b>	5,552,207	4,583,815
Administrative expenses		(4,791,447)	(4,456,437)
Other operating income		-	2,193
<b>Operating profit</b>	<b>3</b>	760,760	129,571
Other interest receivable and similar income		5,569	8,660
Interest payable and similar charges	<b>4</b>	(22,301)	(22,589)
<b>Profit on ordinary activities before taxation</b>		744,028	115,642
Tax on profit on ordinary activities	<b>5</b>	(225,669)	(23,579)
<b>Profit on ordinary activities after taxation</b>		518,359	92,063
Dividends	<b>6</b>	(300,000)	(3,907)
<b>Retained profit for the year</b>	<b>14</b>	218,359	88,156

The profit and loss account has been prepared on the basis that all operations are continuing operations.

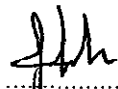
There are no recognised gains and losses other than those passing through the profit and loss account.

# COXLEASE SCHOOL LIMITED

## BALANCE SHEET AS AT 31 AUGUST 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	7		923,167		749,791
<b>Current assets</b>					
Debtors	8	834,071		235,947	
Cash at bank and in hand		825,498		631,409	
		<u>1,659,569</u>		<u>867,356</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,790,282)</u>		<u>(1,227,023)</u>	
<b>Net current liabilities</b>			<u>(130,713)</u>		<u>(359,667)</u>
<b>Total assets less current liabilities</b>			792,454		390,124
<b>Creditors: amounts falling due after more than one year</b>	10		(201,995)		(18,024)
<b>Provisions for liabilities and charges</b>	11		<u>(12,100)</u>		<u>(12,100)</u>
			<u>578,359</u>		<u>360,000</u>
<b>Capital and reserves</b>					
Called up share capital	13		50,000		50,000
Revaluation reserve	14		36,033		38,133
Profit and loss account	14		<u>492,326</u>		<u>271,867</u>
<b>Shareholders' funds - equity interests</b>	15		<u>578,359</u>		<u>360,000</u>

The financial statements were approved by the Board on 23/2/2004



J. Colclough  
Director



# COXLEASE SCHOOL LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

	2003		2002	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		640,606		435,396
<b>Returns on investments and servicing of finance</b>				
Interest received	5,569		8,660	
Interest paid	(22,301)		(22,589)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(16,732)		(13,929)
<b>Taxation</b>		(17,420)		(29,779)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(276,269)		(195,636)	
Receipts from sales of tangible assets	-		72,627	
<b>Net cash outflow for capital expenditure</b>		(276,269)		(123,009)
<b>Equity dividends paid</b>		(303,907)		(60,000)
<b>Net cash inflow before management of liquid resources and financing</b>		26,278		208,679
<b>Financing</b>				
New long term bank loan	200,396		-	
Capital element of hire purchase contracts	(32,585)		31,198	
<b>Net cash inflow from financing</b>		167,811		31,198
<b>Increase in cash in the year</b>		194,089		239,877

# COXLEASE SCHOOL LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

1	Reconciliation of operating profit to net cash inflow from operating activities		2003	2002	
			£	£	
	Operating profit		760,760	129,571	
	Depreciation of tangible assets		102,893	111,946	
	Loss on disposal of tangible assets		-	14,275	
	Increase in debtors		(598,124)	(121,022)	
	Increase in creditors within one year		375,077	300,626	
	Net cash inflow from operating activities		640,606	435,396	
2	Analysis of net funds	1 September 2002	Cash flow	Other non-cash changes	31 August 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	631,409	194,089	-	825,498
	Debt:				
	Finance leases	(50,698)	32,585	-	(18,113)
	Debts falling due after one year	-	(200,396)	-	(200,396)
		(50,698)	(167,811)	-	(218,509)
	Net funds	580,711	26,278	-	606,989
3	Reconciliation of net cash flow to movement in net funds		2003	2002	
			£	£	
	Increase in cash in the year		194,089	239,877	
	Cash inflow from increase in debt and lease financing		(167,811)	(31,198)	
	Movement in net funds in the year		26,278	208,679	
	Opening net funds		580,711	372,032	
	Closing net funds		606,989	580,711	

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum of cost or revalued amount
Plant and machinery	10% per annum of cost
Fixtures, fittings & equipment	15%-33% reducing balance
Motor vehicles	25% reducing balance

Depreciation on freehold properties is calculated on the cost or valuation of the assets held at the beginning of the year and the cost of assets during the year.

The tangible fixed assets that are carried at valuation were valued in the accounting period ending 31st August 1999. The company has adopted the transitional provisions of FRS15 in respect of these assets and will not revalue them in the future.

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Pensions

The company contributes to pension schemes covering the Directors, teachers and other staff. The Directors and other staff schemes are defined contribution schemes. The teachers' scheme is a defined benefit scheme. However, this is a multi-employer scheme and it is not possible to identify this company's share of any surplus or deficit. Accordingly, it is treated in the same way as a defined contribution scheme. Therefore all contributions are charged against profits in the year of payment.

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

### 1 Accounting policies

(continued)

#### 1.6 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

In accordance with FRS19 deferred tax is recognised on revalued assets (property) only where at the balance sheet date there is a binding agreement to sell the revalued assets and the gain expected to arise on the sale of the assets has been recognised.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset would have been recognised as the conditions for recognition would not have been satisfied.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	102,893	111,946
Loss on disposal of tangible assets	-	14,275
Operating lease rentals	98,400	90,000
Auditors' remuneration	7,021	5,000
	<u>          </u>	<u>          </u>

### 4 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	12,376	22,589
Hire purchase interest	9,925	-
	<u>          </u>	<u>          </u>
	22,301	22,589
	<u>          </u>	<u>          </u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

5	Taxation	2003	2002
		£	£
	<b>Domestic current year tax</b>		
	U.K. corporation tax	224,285	23,579
	Adjustment for prior years	1,384	-
		<u>225,669</u>	<u>23,579</u>
	<b>Current tax charge</b>		
		<u>225,669</u>	<u>23,579</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	744,028	115,642
		<u>744,028</u>	<u>115,642</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002 : 20.00 %)	141,365	23,128
		<u>141,365</u>	<u>23,128</u>
	Effects of:		
	Other tax adjustments	84,304	451
		<u>84,304</u>	<u>451</u>
		84,304	451
		<u>84,304</u>	<u>451</u>
	<b>Current tax charge</b>	<u>225,669</u>	<u>23,579</u>
		<u>225,669</u>	<u>23,579</u>
6	Dividends	2003	2002
		£	£
	Ordinary interim paid	300,000	-
	Ordinary final proposed	-	3,907
		<u>300,000</u>	<u>3,907</u>
		<u>300,000</u>	<u>3,907</u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

### 7 Tangible fixed assets

	Land and buildings Freehold	Property imp. and portable classrooms	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 September 2002	420,000	317,326	282,647	175,148	1,195,121
Additions	233,665	11,955	22,989	7,660	276,269
At 31 August 2003	653,665	329,281	305,636	182,808	1,471,390
<b>Depreciation</b>					
At 1 September 2002	25,200	177,923	176,793	65,414	445,330
Charge for the year	13,062	29,719	31,493	28,619	102,893
At 31 August 2003	38,262	207,642	208,286	94,033	548,223
<b>Net book value</b>					
At 31 August 2003	615,403	121,639	97,350	88,775	923,167
At 31 August 2002	394,800	139,403	105,854	109,734	749,791

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
<b>Net book values</b>	
At 31 August 2003	61,849
At 31 August 2002	82,467
<b>Depreciation charge for the year</b>	
31 August 2003	20,618
31 August 2002	20,834

Freehold properties were revalued by the directors based on open market value with current usage as at 31st August 1999. On the basis of historic cost, freehold properties would have a cost of £618,000, accumulated depreciation of £36,033 and a net book value of £581,967 as at 31st August 2003.

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

8 Debtors	2003 £	2002 £
Trade debtors	275,295	199,599
Amounts owed by parent and fellow subsidiary undertakings	501,614	-
Other debtors	57,162	36,348
	<u>834,071</u>	<u>235,947</u>
9 Creditors: amounts falling due within one year	2003 £	2002 £
Net obligations under hire purchase contracts	16,514	32,674
Trade creditors	51,192	26,513
Amounts owed to parent and fellow subsidiary undertakings	90,000	-
Corporation tax	234,249	26,000
Other taxes and social security costs	98,413	160,738
Other creditors	144,710	186,285
Accruals and deferred income	1,155,204	790,906
Proposed dividend	-	3,907
	<u>1,790,282</u>	<u>1,227,023</u>

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

10 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	200,396	-
Net obligations under hire purchase contracts	1,599	18,024
	<u>201,995</u>	<u>18,024</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	200,396	-
	<u>200,396</u>	<u>-</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	31,047	-
In more than two years but not more than five years	135,479	-
In more than five years	33,870	-
	<u>169,396</u>	<u>-</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	16,514	32,674
Repayable between one and five years	1,599	18,024
	<u>18,113</u>	<u>50,698</u>
Included in liabilities falling due within one year	(16,514)	(32,674)
	<u>1,599</u>	<u>18,024</u>
<b>11 Provisions for liabilities and charges</b>		<b>Deferred taxation £</b>
Balance at 1 September 2002 & at 31 August 2003		<u>12,100</u>
Deferred taxation provided in the financial statements is as follows:		
	2003 £	2002 £
Accelerated capital allowances	<u>12,100</u>	<u>12,100</u>



# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

### 12 Pension costs

#### Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	150,909	122,318

### 13 Share capital

	2003 £	2002 £
<b>Authorised</b>		
50,000 Ordinary shares of £ 1 each	50,000	50,000
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £ 1 each	50,000	50,000

### 14 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 September 2002	38,133	271,867
Retained profit for the year	-	218,359
Transfer from revaluation reserve to profit and loss account	(2,100)	2,100
Balance at 31 August 2003	36,033	492,326

### 15 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	518,359	92,063
Dividends	(300,000)	(3,907)
Net addition to shareholders' funds	218,359	88,156
Opening shareholders' funds	360,000	271,844
Closing shareholders' funds	578,359	360,000

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

### 16 Contingent liabilities

On 30 August 2002, this company entered into an agreement with Lloyds TSB Bank plc, providing security on a loan and an overdraft facility totalling £2,175,000 to Coxlease Holdings Limited to finance the purchase of shares in High Coxlease Limited.

The security takes the form of first legal charges over this company's freehold properties, an unlimited debenture and a guarantee and set-off agreement, assignment of Keyman insurance proceeds and deeds of postponement on subordination of Directors' Loans.

### 17 Financial commitments

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Within one year	90,000	90,000

### 18 Capital commitments

Before the year end, the company was contracted to £72,130 of capital commitments.

19 Directors' emoluments	2003	2002
	£	£
Emoluments for qualifying services	225,225	454,431

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2002 - 4 ).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	141,507	158,861
Company pension contributions to money purchase schemes	-	7,701

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

### 20 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Directors	2	5
Administration	6	6
Teaching/ Care and Ancillary Staff	162	145
	<u>170</u>	<u>156</u>

#### Employment costs

	£	£
Wages and salaries	3,459,769	3,281,465
Social security costs	292,938	290,626
Other pension costs	150,909	122,318
	<u>3,903,616</u>	<u>3,694,409</u>

### 21 Related party transactions

#### Control

The company is controlled by S. Cliften through the new ultimate holding company, Coxlease Holdings Limited. His shareholding is shown in the Directors' Report.

#### Transactions

Transactions with High Coxlease Ltd are as follows:

	2003 £	2002 £
<b>Revenue</b>		
Rent paid	52,500	90,000
Dividend paid/proposed	3,782	3,782
<b>Capital</b>		
Net decrease in debt due to High Coxlease Ltd	(45,787)	(55,258)

# COXLEASE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

### 21 Related party transactions

(continued)

Transactions with Coxlease Holdings Ltd are as follows:

	2003 £	2002 £
<b>Revenue</b>		
Rent paid	37,500	-
Dividend paid	290,400	-
<b>Capital</b>		
Net increase in debt due from Coxlease Holdings Ltd	501,614	-