

**REGISTRAR'S
COPY**

ABERCORN EDUCATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002



A03 *AH58LJDL* 0507
COMPANIES HOUSE 19/03/03

Abercorn Education Limited

Directors

A S Greystoke BA (Hons)
W Balmford BSc, C. Eng, FIEE, FSCA
A M F Greystoke
A Greystoke

Secretary and Registered Office

Connaught Secretaries Limited
42-46 High Street
Esher
Surrey, KT10 9QY

Auditors

Moore Stephens
Chartered Accountants
57 London Road
Enfield
Middlesex EN2 6SW

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 August 2002.

Review of Activities

The principal activity of the company in the period was the management of its subsidiary undertaking.

Directors

On 26 February 2002, A Greystoke was appointed a director of the company.

Directors' Interests

The interests as defined by the Companies Act 1985 of the directors in the share capital of the company at the beginning of the year (or date of appointment if later) and end of the year were:

Ordinary Shares of £1 each

	31 August 2002	1 September 2001
A S Greystoke BA (Hons)	49,999	49,999
W Balmford BSc, C. Eng, FIEE, FSCA	-	-
A M F Greystoke	1	1
A Greystoke	-	-

6.25% Redeemable Debentures of £0.30 each

	31 August 2002	1 September 2001
A S Greystoke BA (Hons)	904,643	904,643
W Balmford BSc, C. Eng, FIEE, FSCA	-	-
A M F Greystoke	-	-
A Greystoke	-	-

Abercorn Education Limited**Report of the Directors for the Year Ended 31 August 2002**

continued

Auditors

The auditors, Moore Stephens, have expressed their willingness to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be proposed at the forthcoming annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



A S Greystoke
Director
27 February 2003

Abercorn Education Limited**Statement of 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.

Abercorn Education Limited**Independent Auditors' Report to the Shareholders of Abercorn Education Limited**

We have audited the financial statements of Abercorn Education Limited for the year ended 31 August 2002 set out on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (Effective June 2002), under the historical cost convention (or valuation) and the accounting policies set out on page 8.

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 misstatements 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

57 London Road
Enfield
Middlesex EN2 6SW


MOORE STEPHENS
Registered Auditors &
Chartered Accountants

27 February 2003

Abercorn Education Limited

Profit and Loss Account for the Year Ended 31 August 2002

	Note	2002 £	2001 £
Turnover		120,000	120,000
Administrative Expenses		(25,242)	(25,105)
Operating Profit	2	94,758	94,895
Interest Payable and Similar Charges		(39,475)	(40,267)
Profit on Ordinary Activities Before Taxation		55,283	54,628
Taxation	4	(13,926)	(16,000)
Profit on Ordinary Activities After Taxation		41,357	38,628
Dividends		(75,000)	-
Retained for the year		(33,643)	38,628

Abercorn Education Limited**Statement of Total Recognised Gains and Losses for the Year Ended 31 August 2002**

	Note	2002 £	2001 £
Retained Loss for the year		(33,643)	38,628
Revaluation Surplus Transferred from Subsidiary Company		-	12,770
Total Recognised Gains and Losses Relating to the year		<u>(£33,643)</u>	<u>£51,398</u>

Abercorn Education Limited

Balance Sheet at 31 August 2002

	Note	£	2002 £	£	2001 £	£
Fixed Assets						
Tangible Assets	5		1,181,980			1,207,123
Investments	6		669,917			669,917
			<u>1,851,897</u>			<u>1,877,040</u>
Current Assets						
Debtors	7	168,411			-	
Cash at Bank and in Hand		209			738	
			<u>168,620</u>		<u>738</u>	
Creditors: Amounts Falling Due Within One Year	8	315,486			21,339	
Net Current Liabilities				<u>(146,866)</u>		<u>(20,601)</u>
Total Assets Less Current Liabilities				<u>1,705,031</u>		<u>1,856,439</u>
Creditors: Amounts Falling Due After More Than One Year	9		(1,637,951)			(1,755,716)
			<u>£67,080</u>			<u>£100,723</u>
Capital and Reserves						
Called Up Share Capital	10		50,000			50,000
Revaluation Reserve	11		12,770			12,770
Profit and Loss Account	11		4,310			37,953
			<u>£67,080</u>			<u>£100,723</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 27 February 2003



A S Greystoke
Director

Abercorn Education Limited

Notes to the Financial Statements for the Year Ended 31 August 2002

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents amounts invoiced during the year.

Tangible Fixed Assets

The group's policy is to provide depreciation at rates which are calculated to write off the cost of the tangible fixed assets over the following estimated useful lives:

Freehold Properties - 2% per annum

Deferred Tax

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

2 Operating Profit

	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation of tangible assets	25,143	25,000

3 Directors' Emoluments

The directors did not receive any emoluments during the year.

Abercorn Education Limited

Notes to the Financial Statements for the Year Ended 31 August 2002

continued

4 Taxation

	2002 £	2001 £
UK Corporation Tax - Current Year	14,000	16,000
UK Corporation Tax - Adjustment to Prior Years	(74)	-
	<u>£13,926</u>	<u>£16,000</u>

5 Tangible Fixed Assets

	Land and Buildings £
Cost (or valuation)	
At 1 September 2001 and 31 August 2002	<u>1,257,148</u>
Depreciation	
At 1 September 2001	50,025
Depreciation for the year	<u>25,143</u>
At 31 August 2002	<u>75,168</u>
Net Book Value	
At 31 August 2002	<u>£1,181,980</u>
At 1 September 2001	<u>£1,207,123</u>

6 Fixed Asset Investments

	2002 £	2001 £
Shares in Group Undertakings	<u>669,917</u>	<u>669,917</u>

The company has a beneficial interest in the issued ordinary share capital of the following company shown at cost:

Company and activity	Holdings and Voting rights	At 31 August 2002 Profit for Year	Net Assets
Abercorn School Limited			
Provision of running a nursery, pre-preparatory and preparatory school.	100% ordinary share capital	£30,303	£618,315

Abercorn Education Limited

Notes to the Financial Statements for the Year Ended 31 August 2002

continued

7 Debtors

	2002 £	2001 £
Other Debtors	3,411	-
Prepayments and Accrued Income	165,000	-
	<u>£168,411</u>	<u>-</u>

8 Creditors: Amounts Falling Due Within One Year

	2002 £	2001 £
Other Creditors	<u>315,486</u>	<u>21,339</u>

Included within other creditors are debentures of £298,374 (2001: £461,598) which are secured by way of a fixed charge over the property owned by the company.

9 Creditors: Amounts Falling Due After More Than One Year

	2002 £	2001 £
Amounts Owed to Group Undertakings	1,637,951	1,294,118
Other Creditors	-	461,598
	<u>1,637,951</u>	<u>1,755,716</u>

10 Share Capital

	2002 £	2001 £
Authorised		
50,000 Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>
	2002 £	2001 £
Allotted, Called Up and Fully Paid		
50,000 Ordinary Shares of £1 each	<u>50,000</u>	<u>50,000</u>

Abercorn Education Limited

Notes to the Financial Statements for the Year Ended 31 August 2002

continued

11 Reserves

	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1 September 2001	12,770	37,953	50,723
Retained for the year	-	(33,643)	(33,643)
At 31 August 2002	<u>£12,770</u>	<u>£4,310</u>	<u>£17,080</u>

12 Post Balance Sheet Events

The company acquired a new school building on 18 October 2002 for £3.9 million.

13 Related Parties

The ultimate controlling party is A S Greystoke, director.

A S Greystoke holds 47% of the debentures in the company and received £13,782 in interest (2001:£16,080) during the year. The debentures have been offset against the director's loan account resulting in an amount due to the company of £3,411 at 31 August 2002.

During the year, Abercorn School Limited, the company's wholly owned subsidiary paid on behalf of the company the following:

	2002 £	2001 £
Net expenses paid	463,833	217,133
Rent received	(120,000)	(120,000)
Transfer of property	-	1,232,123
Due to the subsidiary company at 31 August 2002:	1,637,951	1,294,118