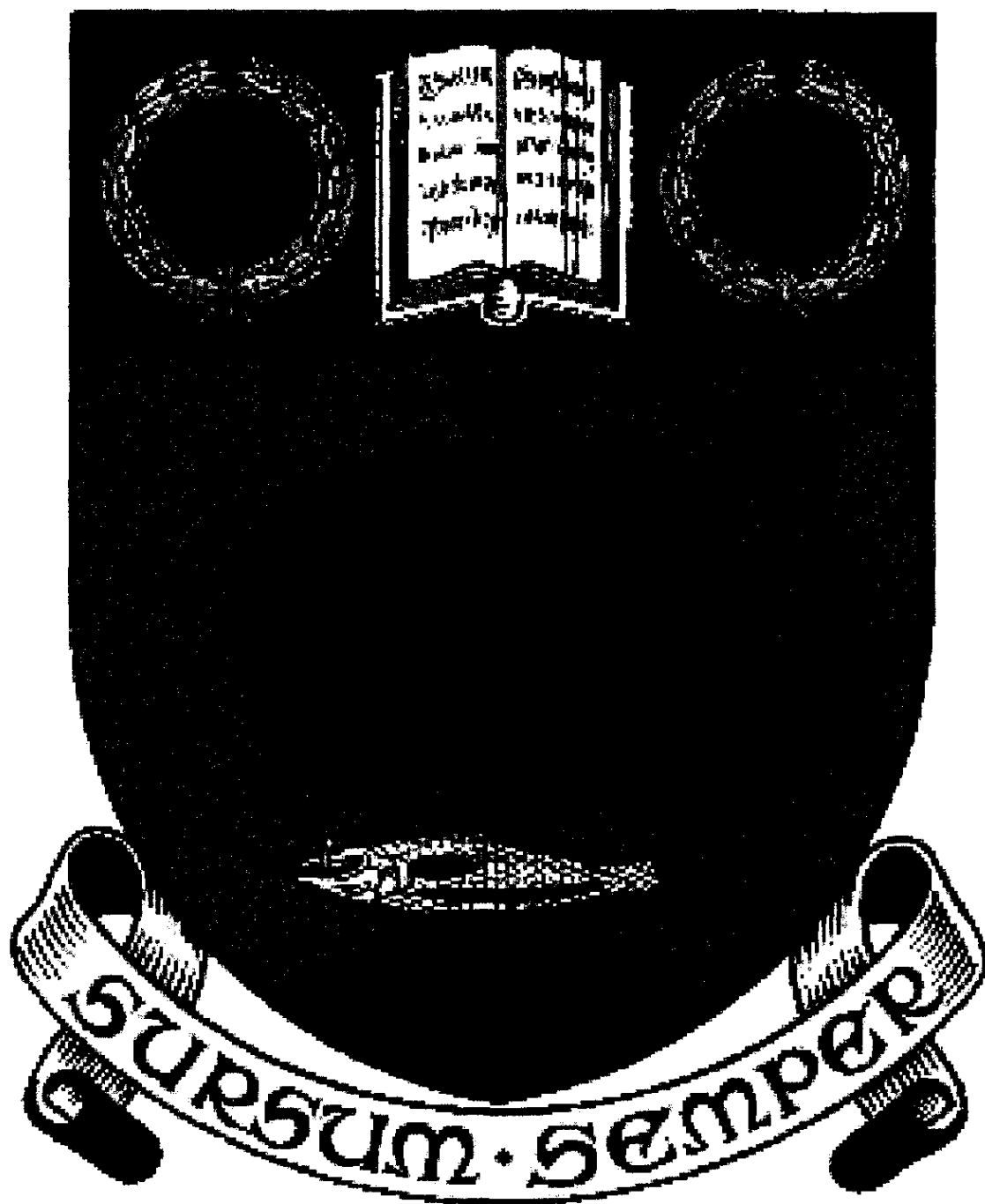


THE HIGH SCHOOL

of Glasgow Limited

Registered in Edinburgh under no 45882



REPORT AND ACCOUNTS

JUNE 2001



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THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Directors' Report For The Year Ended 30 June 2001

STATUS AND ADMINISTRATION

The High School of Glasgow was founded at the Glasgow Cathedral in the twelfth century. Its incorporation date as a limited company and last change of name was 28 February 1974. It is registered in Edinburgh under number 45882. The company is also recognised as a charity under number SCO14768 by the Inland Revenue.

DIRECTORS

The Directors of the Company, who are also the Charity Trustees and the Governors of the School and who served during the year were:

G. A. Anderson, C.B.E., C.A., F.C.M.A. (Chairman)

B.C. Adair, T.D., LL.B.

G.A.F. Arthur, C Eng., F.I.C.E., F.I.E.S.

Professor Sir Michael R. Bond, M.D., Ph.D., D.Sc., F.R.C.S. (Edin), F.R.C.Psych., F.R.C.P.(Glasgow), D.P.M., F.R.S.E. (Vice-Chairman)

Mrs. A.M.B. Currie, LL.B.

W. Dunlop, LL.B.

W.G. Gardiner, C.A.

Mrs S.C. Harkness, D.C.E., N.F.F., N.F.T.D.

Mrs. L. Keith, M.A., P.G.Cert.Ed., I.T.Q.

D.J. Maclay, B.Sc., C.A.

P. Morrison, M.A. B.Sc.

Professor V.A. Muscatelli, M.A., Ph.D., F.R.S.A.

T.F. O'Connell, C.A., A.T.I.I.

G. Russell

R.M. Williamson, M.A., LL.B., F.R.S.A.M.D., F.R.S.A.

On 12 December 2000 Mr G. Russell retired as director and Mr. K.A. Scott and Dr A.C.E. Short were appointed as directors.

The confirmation of their appointment will be proposed at the Annual General Meeting. At the Annual General Meeting Mr. G.A.F. Arthur and Mr. G.A. Anderson retire as directors having attained the age of seventy and they are not eligible for re-election.

Directors retiring by rotation, all of whom are eligible for re-election, are:

Professor Sir Michael R. Bond

Mrs. S.C. Harkness

Mr. D.J. Maclay

Mr. P. Morrison

PROFESSIONAL ADVISORS AND KEY PERSONNEL

The Rector:	R.G. Easton, O.B.E., M.A., Dip.Ed.
The Head Teacher of the Junior School	Mrs. K.R. Waugh, B.A., Dip.Prim.Ed.
The Bursar:	G. Simonis
Registered Office:	637 Crow Road Anniesland Glasgow G13 1PL
Bankers:	Clydesdale Bank PLC 124 Drymen Road Bearsden Glasgow G61 3RB
Solicitors:	MacRoberts 152 Bath Street Glasgow G2 4TB
Auditors:	Ernst & Young LLP George House 50 George Square Glasgow G2 1RR

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Directors' Report Continued For The Year Ended 30 June 2001

OBJECTS

The objects as set out in the Memorandum are to provide the best possible education for boys and girls between the ages of 3 and 18.

ORGANISATION

The Directors determine the general policy. The day to day management is delegated to the Rector, the Head Teacher of the Junior School and the Bursar.

POLICY

In accordance with the Memorandum, the High School of Glasgow is an independent, co-educational day school.

The aim of the School is to create a happy, caring and ordered community in which the individual can achieve his or her full potential both academically and socially.

REVIEW

The pupil numbers have been consistent with expectations at around 1045. It is expected that this number will remain at around 1050. A total of 52 pupils received awards through the Assisted Places Scheme and our Bursary Fund. The total value of this support excluding the Government's contribution was £ 76,410.

The Glasgow High School Club Limited has continued to develop its project at Anniesland. The School has made payments of £ 716,873 towards the project during the year. Additional payments may be made from time to time depending on further developments and financial need.

THE FINANCIAL RESULTS

The year's financial result is satisfactory and, after charging all expenditure applicable to the year, including a provision of £ 347,700 for depreciation, there is a surplus of £ 203,738 added to the General Fund.

INVESTMENT POWERS

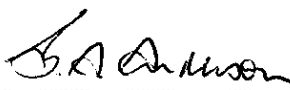
These are governed by the Memorandum and Articles which permit the funds to be invested in any security listed on the Stock Exchange.

RESOURCES

There are at present no restrictions on the use of the General Fund, which is therefore available for the day-to-day requirements. The assets are sufficient to meet its obligations.

Approved by the Board of the Directors,
Signed on its behalf by:

Date: 30 October '01

Chairman, 

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Statement of Directors' Responsibilities

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

Company Law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that it 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 enable them to ensure that the accounts 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.

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Report of the Auditors to the Members of The High School of Glasgow Limited

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and accounting policies set out on page 8.

Respective Responsibilities of directors and auditors

As described on page 3 the directors (who also act as trustees for the charitable activities of The High School of Glasgow Limited) are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

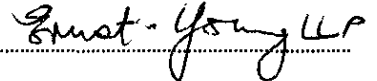
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the charitable company as at 30 June 2001 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.

Ernst & Young 
Registered Auditor
GLASGOW

Dated: 30 October 2001

Signed: 

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Statement of Financial Activities For The Year Ended 30 June 2001

		Income and Expenditure Account				
		2000	2001	2001	2001	2000
		Unrestricted Funds	Unrestricted Funds	Endowment Funds	Total	Total
		£	£	£	£	£
INCOMING RESOURCES	Notes					
Fees Receivable		4,628,359	4,938,712	-	4,938,712	4,628,359
Other Income	2	131,021	80,558	-	80,558	131,021
Donations	1d & 10	-	-	257,937	257,937	709,431
		4,759,380	5,019,270	257,937	5,277,207	5,468,811
Bank and Other Interest		8,363	6,147	-	6,147	8,363
Total Incoming Resources		4,767,743	5,025,417	257,937	5,283,354	5,477,174
RESOURCES USED						
Direct Charitable Expenditure						
Teaching		3,166,734	3,480,254	-	3,480,254	3,166,734
Welfare		165,986	120,818	-	120,818	165,986
Premises		522,761	642,705	-	642,705	522,761
Support		306,293	323,746	-	323,746	306,293
Other Income Costs		222,093	227,012	-	227,012	222,093
		4,383,867	4,794,535	-	4,794,535	4,383,867
Other Expenditure:						
Management and Administration of the Charity		54,529	90,053	-	90,053	54,529
Interest		32,639	93,081	-	93,081	32,639
Total Resources Expended	3 & 4	4,471,035	4,977,669	-	4,977,669	4,471,035
Net incoming resources before transfers		296,708	47,748	257,937	305,685	1,006,139
Transfers		103,890	155,990	(155,990)	-	-
NET INCOMING RESOURCES		400,598	203,738	101,947	305,685	1,006,139
Balance brought forward at 30 June 2000		3,011,959	3,412,557	3,606,733	7,019,290	6,013,151
Balance carried forward at 30 June 2001		3,412,557	3,616,295	3,708,680	7,324,975	7,019,290

The Income and Expenditure Account is represented by the unrestricted funds columns

The notes on pages 8 to 12 form part of these accounts.

THE HIGH SCHOOL

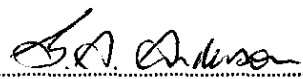
of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Balance Sheet 30 June 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets			
Land, buildings and equipment	5	8,826,832	8,011,277
CURRENT ASSETS			
Stocks	6	33,246	30,160
Debtors	7	77,638	82,411
Cash		1,673	1,757
		112,557	114,328
CREDITORS: Due within one year	8	(708,984)	(1,043,171)
NET CURRENT LIABILITIES		(596,427)	(928,843)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,230,405	7,082,434
CREDITORS: due after more than one year			
Bank Loan	9	(827,821)	-
Hire Purchase	9	(77,609)	(63,144)
		(905,430)	(63,144)
		7,324,975	7,019,290
ENDOWMENT FUNDS	10	3,708,680	3,606,733
UNRESTRICTED GENERAL FUNDS	10	3,616,295	3,412,557
		7,324,975	7,019,290

Approved by the Board of the Directors,
Signed on its behalf by:

Date: 30 October '01 Chairman, 

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Cash Flow Statement For The Year Ended 30 June 2001

	Notes	2001 £	2000 £	
Net cash inflow from operating activities	a	511,745	605,150	
Returns on investment and servicing of finance	b	(86,646)	(19,427)	
Capital expenditure	c	(921,183)	(1,283,484)	
Cash flow before financing		(496,084)	(697,761)	
Financing	d	939,179	(81,161)	
Increase / (Decrease) in cash		443,095	(778,922)	
Reconciliation of net cash flow to movement in net debt				
Increase (Decrease) in cash in the period		443,095	(778,922)	
Cash inflow from increase in loans		(1,000,000)	-	
Cash to repay loans		-	45,606	
Cash to repay capital element of hire purchase payments		60,821	35,555	
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		(496,084)	(697,761)	
New hire purchase agreement		(88,375)	(101,599)	
MOVEMENT IN NET DEBT		(584,459)	(799,360)	
Net debt as at 1 July 2000		(698,248)	101,112	
NET FUNDS / (DEBT) as at 30 June 2001		(1,282,707)	(698,248)	
a) Reconciliation of operating surplus to net cash in flow from operating activities				
Net incoming resources		305,685	1,006,139	
Endowment income		(255,156)	(709,431)	
Interest received		(6,147)	(8,363)	
Interest paid		81,741	22,415	
Interest element of hire purchase agreement		11,340	10,224	
Loss on disposal of tangible fixed assets		-	552	
Depreciation		347,700	265,532	
Decrease / (Increase) in stock		(3,086)	(543)	
Decrease / (Increase) in debtors		4,773	(12,312)	
Increase / (Decrease) in creditors		24,895	30,937	
		511,745	605,150	
b) Returns on investment and servicing of finance				
Interest received		6,147	8,363	
Interest paid		(81,453)	(17,566)	
Interest element of hire purchase agreements		(11,340)	(10,224)	
		(86,646)	(19,427)	
c) Capital expenditure				
Payments to acquire tangible assets		(921,183)	(1,283,484)	
Receipts from sale of tangible assets		-	-	
		(921,183)	(1,283,484)	
d) Financing				
Repayment of capital element of loan		1,000,000	-	
Repayment of loans		-	(45,606)	
Repayment of capital element of hire purchase agreements		(60,821)	(35,555)	
		939,179	(81,161)	
Analysis of changes in net debt				
	30 June 2000	Cash Flow	Other	30 June 2001
Cash in hand	1,757	(84)	-	1,673
Bank overdraft	(593,018)	443,179	-	(149,839)
Debt due within 5 years	-	(1,000,000)	-	(1,000,000)
Hire purchase agreements	(106,987)	60,821	(88,375)	(134,541)
	(698,248)	(496,084)	(88,375)	(1,282,707)

The notes on pages 8 to 12 form part of these accounts.

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Notes to the Accounts For The Year Ended 30 June 2001

1. ACCOUNTING POLICIES

a) **Basis of Preparation**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities.

b) **Tangible Fixed Assets**

Depreciation on tangible fixed assets is provided at rates calculated to reduce their book values to estimated realisable value at the end of their useful lives.

Rates of depreciation - Permanent Buildings - 2 % per annum straight line.
 - Furniture, Equipment,
 Computers and Vehicles - Rates ranging from 33 1/3% to 10% p.a. straight line.

Additions not brought into use by the end of the year are not depreciated.

c) **Stocks**

BOOKS

These are valued at cost and are written off over a period of three years.

OTHER ITEMS

These are valued at the lower of cost and net realisable value. The cost consists of purchase cost on a first-in first-out basis. Net realisable value is based on estimated selling prices less further costs expected to be incurred on disposal.

d) **Endowment Funds**

Donations are received from the High School of Glasgow Educational Trust and the Drewsteignton School Development Trust towards the cost of building projects. These are classified as endowment income and a proportion is transferred to the unrestricted general funds annually over the expected life of the buildings. Any other donations towards fixed assets are treated in a similar manner to that described above.

e) **Fees**

Fees consist of all tuition and other charges for the school year ending 30 June 2001.

f) **Teaching Costs**

Supplies of books, stationery, sundry materials and games equipment are written off when the expenditure is incurred.

g) **Expenditure**

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

h) **Leasing and Hire Purchase Commitments**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term. Assets subject to hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The corresponding hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

i) **Pensions**

Pension cost charges represent the contributions payable to the schemes concerned.

The School participates in the Scottish Teachers' Superannuation Scheme for Staff. This Scheme is notionally funded and provides members with defined benefits based on final pensionable salary. The employer's contributions are assessed every five years by the Independent Government Actuary. The current employer's rate is 6.9% (2000 - 6.9 %) and the employees contribute 6%.

The total pension cost in respect of this scheme for the year was £ 154,894 (2000 - £ 144,735) and represents a fair estimate of the annual pension cost as defined by SSAP 24. Accordingly, this is the amount charged in the accounts.

The School also operates a defined contribution scheme for administrative staff. The assets of the scheme are held separately from those of the School in an independently administered fund. The total pension cost of this scheme for the year was £ 30,320. (2000 - £ 25,395)

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Notes to the Accounts (Continued)

For The Year Ended 30 June 2001

	2001 £	2000 £
2. OTHER INCOME		
Registration Fees	6,080	5,175
Letting of Games Hall	1,832	1,993
Sundry Income	52,981	108,437
After School Care	19,665	15,416
Total other income received	80,558	131,021
3. STAFF COSTS		
Salaries and wages	2,968,696	2,751,633
Social security costs	222,579	201,925
Pension costs	185,214	170,131
	3,376,489	3,123,689
The average number of employees in the year was:	No.	No.
Teaching: Full time	71	66
Part time	31	32
Teaching Support	10	10
Welfare	9	14
Janitors	8	8
Cleaners	18	21
Administration	16	15
	163	166
The directors received no remuneration or reimbursement of expenses during the year.		
The number of employees whose emoluments exceeded £40,000 were:		
£40,000 - £50,000	4	2
£50,000 - £60,000	1	-
£90,000 - £100,000	1	1
	6	3
Management and Administration of the charity includes:		
Auditor's Remuneration: - For Audit	8,841	7,500

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Notes to the Accounts (Continued)

For The Year Ended 30 June 2001

4. Analysis of Total Resources Expended

	Staff costs £	Other costs £	Depreciation £	Total £
Direct Charitable Expenditure:				
Teaching costs	2,835,572	485,081	159,601	3,480,254
Welfare costs	43,167	77,651	-	120,818
Premises costs	228,589	226,017	188,099	642,705
Support costs	232,985	90,761	-	323,746
Grants and Other Costs	-	227,012	-	227,012
	<u>3,340,313</u>	<u>1,106,522</u>	<u>347,700</u>	<u>4,794,535</u>
Other Expenditure:				
Charity administration	36,176	53,877	-	90,053
Interest	-	93,081	-	93,081
	<u>3,376,489</u>	<u>1,253,480</u>	<u>347,700</u>	<u>4,977,669</u>

5. Tangible Assets

Anniesland, Glasgow

	Freehold land and Buildings £	Furniture Fittings Equipment £	Vehicles £	Total £
Cost at 1 July 2000	5,419,023	1,334,975	69,084	6,823,082
Additions	779,471	265,657	-	1,045,128
Disposals	-	-	-	-
Cost at 30 June 2001	<u>6,198,494</u>	<u>1,600,632</u>	<u>69,084</u>	<u>7,868,210</u>
Depreciation at 1 July 2000	963,067	776,245	25,683	1,764,995
Depreciation for the year	123,971	124,976	8,289	257,236
Disposals	-	-	-	-
Aggregate at 30 June 2001	<u>1,087,038</u>	<u>901,221</u>	<u>33,972</u>	<u>2,022,231</u>
Book value at 30 June 2001	<u>5,111,456</u>	<u>699,411</u>	<u>35,112</u>	<u>5,845,979</u>
Book value at 1 July 2000	<u>4,455,956</u>	<u>558,730</u>	<u>43,401</u>	<u>5,058,087</u>

Ledcameroch Road, Bearsden

Cost at 1 July 2000	3,166,231	287,225		3,453,456
Additions	39,998	78,129		118,127
Cost at 30 June 2001	<u>3,206,229</u>	<u>365,354</u>		<u>3,571,583</u>
Depreciation at 1 July 2000	352,052	148,214		500,266
Depreciation for the year	64,128	26,336		90,464
Aggregate at 30 June 2001	<u>416,180</u>	<u>174,550</u>		<u>590,730</u>
Book value at 30 June 2001	<u>2,790,049</u>	<u>190,804</u>		<u>2,980,853</u>
Book value at 1 July 2000	<u>2,814,179</u>	<u>139,011</u>		<u>2,953,190</u>

Total Tangible Assets as at 30 June 2001	<u>7,901,505</u>	<u>890,215</u>	<u>35,112</u>	<u>8,826,832</u>
Total Tangible Assets as at 30 June 2000	<u>7,270,135</u>	<u>697,741</u>	<u>43,401</u>	<u>8,011,277</u>

The net book value of fixed assets includes an amount of £ 191,740 (2000 - £ 137,874) in respect of assets held under hire purchase contracts.

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Notes to the Accounts (Continued)

For The Year Ended 30 June 2001

	2001 £	2000 £
6. Stocks		
Books	26,368	22,762
Goods for re-sale	5,708	6,430
Other stock items, not for sale	1,170	968
	<u>33,246</u>	<u>30,160</u>
7. Debtors		
Fees	20,662	1,804
Other debtors	25,453	22,960
Prepayments and accrued income	31,523	57,647
	<u>77,638</u>	<u>82,411</u>
8. Creditors: Due within one year		
Bank overdraft / term loan	149,839	593,018
Term Loan (note 9)	172,179	-
Hire Purchase (note 9)	56,932	43,843
Trade creditors	55,593	91,028
Other creditors	16,394	19,303
Other taxation and social security	113,256	89,947
Accruals and deferred income	144,791	206,032
	<u>708,984</u>	<u>1,043,171</u>

Bank Overdraft

The bank overdraft is secured over all of the Company's Assets. There is an overdraft facility of £1,000,000 with the Clydesdale Bank PLC, reviewable on 30 April 2002, which will enable the Company's liabilities to be met as they fall due.

9. Creditors: Due after more than one year

Loans

Wholly repayable within five years, Bank Loan	1,000,000	-
Less included in creditors: Amounts falling due within one year	(172,179)	-
	<u>827,821</u>	<u>-</u>
Amounts repayable		
In one year or less	172,179	-
In more than one year but not more than two years	185,085	-
In more than two years but not more than five years	642,736	-
	<u>1,000,000</u>	<u>-</u>

The loan is secured by a fixed charge on the land and buildings and a floating charge on the assets of the company.

Obligations under Hire Purchase Contracts

Amounts payable within one year	65,309	50,450
Amounts payable within two to five years	83,545	68,214
	<u>148,854</u>	<u>118,664</u>
Less: Finance charges allocated to future periods	(14,313)	(11,677)
	<u>134,541</u>	<u>106,987</u>
Hire Purchase contracts are analysed as follows:		
Current obligations (note 8)	56,932	43,843
Non-current obligations	77,609	63,144
	<u>134,541</u>	<u>106,987</u>

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

Notes to the Accounts (Continued)

For The Year Ended 30 June 2001

10. Allocation of the Net Assets	Unrestricted Funds	Endowment Funds	Total	2000
Fixed Assets	5,118,152	3,708,680	8,826,832	8,011,277
Current Assets	112,557	-	112,557	114,328
Creditors, due within one year	(708,984)	-	(708,984)	(1,043,171)
Creditors, due after one year	(905,430)	-	(905,430)	(63,144)
	<u>3,616,295</u>	<u>3,708,680</u>	<u>7,324,975</u>	<u>7,019,290</u>

Endowment Funds	Balance at 1 July 2000	Transferred this year	Received this year	Transferred this year	Balance at 30 June 2001
High School of Glasgow Educational Trust	2,842,932	709,431	245,777	(150,091)	3,648,049
Drewsteignton Development Trust	37,617	-	-	(1,455)	36,162
Other Endowments	726,184	(709,431)	12,160	(4,444)	24,469
	<u>3,606,733</u>	<u>-</u>	<u>257,937</u>	<u>(155,990)</u>	<u>3,708,680</u>

11. Operating Lease Commitments

Commitments under operating lease arrangements to make payments in 2001/2002 on leases expiring:

Within one year	5,715	2,626
Within two to five years	<u>10,002</u>	<u>-</u>
	<u>15,717</u>	<u>2,626</u>

12. Contracts and Commitments

Capital Expenditure authorised by the Directors and contracted	<u>165,000</u>	<u>125,000</u>
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13. Contingent Liability

Two major capital projects have been undertaken by a third party at Old Anniesland with funding secured in the form of various grants and donations and a continuing fundraising programme. As these projects will benefit the School, it has been agreed to make certain payments in respect of the costs of the projects and to underwrite any shortfall between their final cost and the other funds raised. The possible shortfall at the Balance Sheet date is estimated to be up to £100,000. This value assumes the recovery by the third party of VAT related to the projects. At this time recovery is being contested by HM Customs and, should it not be achieved, and additional grants and donations not be secured, the shortfall would increase by up to £400,000. Based on professional advice, the Directors consider that it is not appropriate to make any provisions at this stage.