

THE HIGH SCHOOL

of Glasgow Limited

A Company Limited by Guarantee and Registered as a Charity

SC 4588

Directors' Report For The Year Ended 30 June 2002

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:

Chairman

Professor Sir Michael R. Bond, M.D., Ph.D., D.Sc., D.Univ., F.R.C.S., F.R.C.Psych., F.R.C.P., F.R.C.A., D.P.M., F.R.S.E., F.R.S.A.

Vice-Chairman

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

Other Directors

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

Sherriff W. Dunlop, LL.B.

P. Forgie, M.C.I.B.S.

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.

J.Y. Miller, 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.

K.A. Scott

Dr A.C.E. Short, M.B., Ch.B., F.R.C.G.P., D.R.C.O.G.

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

At the Annual General Meeting on 11 December 2001 Mr. J.Y. Miller and Mr. P.M.A. Forgie were appointed as directors.

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

W.G. Gardiner

Mrs. A. Currie

Mr. W. Dunlop

Prof. V.A. Muscatelli

PROFESSIONAL ADVISORS AND KEY PERSONNEL

The Rector:

Dr. R.G. Easton, O.B.E., D.Univ., M.A., Dip.Ed.

The Head Teacher of the Junior School

Mrs. K.R. Waugh, B.A., D.C.E.

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
Moray House
16 Bank Street
Inverness
IV1 1QY



THE HIGH SCHOOL

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A Company Limited by Guarantee and Registered as a Charity

Directors' Report Continued For The Year Ended 30 June 2002

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 1061. It is expected that this number will be at around 1050. A total of 45 pupils received awards through the Assisted Places Scheme and our Bursary Fund. The total value of this support excluding the Government's contribution was £ 77,412.

The Glasgow High School Club Limited has continued to develop its project at Anniesland. The School has made payments of £ 81,521 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 £ 360,169 for depreciation, there is a surplus of £ 360,872 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.

RISK MANAGEMENT

The Board is responsible for the management of the risks faced by the School. Risks are identified, assessed and controls established throughout the year. A formal review of the School's risk management processes is undertaken on an annual basis. Through the risks management processes established for the School, the Directors are satisfied that the major risks identified have been adequately mitigated where necessary. It recognises that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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

Date: 29 October 2002

Chairman,



THE HIGH SCHOOL

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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

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A Company Limited by Guarantee and Registered as a Charity

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HIGH SCHOOL OF GLASGOW LIMITED

We have audited the School's financial statements for the year ended 31 July 2002 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

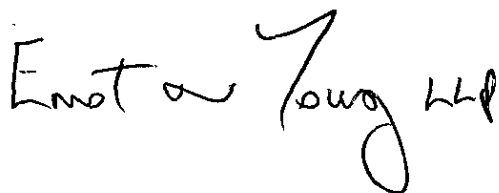
Basis of audit opinion

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 School'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 affairs of the School as at 30 June 2002 and of its incoming resources and application of resources, including the income and expenditure, of the School for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Inverness

Dated: 29 October 2002

Signed:

THE HIGH SCHOOL

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Statement of Financial Activities For The Year Ended 30 June 2002

		Income and Expenditure Account				
		2001	2002	2002	2002	2001
		Unrestricted Funds	Unrestricted Funds	Endowment Funds	Total	Total
		£	£	£	£	£
INCOMING RESOURCES	Notes					
Fees Receivable		4,938,712	5,576,747	-	5,576,747	4,938,712
Other Income	2	80,558	84,081	-	84,081	80,558
Donations	1d & 10	-	-	146,364	146,364	257,937
		5,019,270	5,660,828	146,364	5,807,192	5,277,207
Bank and Other Interest		6,147	1,603	-	1,603	6,147
Total Incoming Resources		5,025,417	5,662,431	146,364	5,808,795	5,283,354
RESOURCES USED						
Direct Charitable Expenditure						
Teaching		3,480,254	3,903,627	-	3,903,627	3,480,254
Welfare		120,818	111,298	-	111,298	120,818
Premises		642,705	667,571	-	667,571	642,705
Support		323,746	348,626	-	348,626	323,746
Other Income Costs		227,012	258,408	-	258,408	227,012
		4,794,535	5,289,530	-	5,289,530	4,794,535
Other Expenditure:						
Management and Administration of the Charity		90,053	106,861	-	106,861	90,053
Interest		93,081	66,813	-	66,813	93,081
Total Resources Expended	3 & 4	4,977,669	5,463,204	-	5,463,204	4,977,669
Net incoming resources before transfers		47,748	199,227	146,364	345,591	305,685
Transfers		155,990	161,646	(161,646)	-	-
NET INCOMING RESOURCES		203,738	360,872	(15,281)	345,591	305,685
Balance brought forward at 30 June 2001		3,412,557	3,616,295	3,708,680	7,324,975	7,019,290
Balance carried forward at 30 June 2002		3,616,295	3,977,167	3,693,399	7,670,566	7,324,975

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

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A Company Limited by Guarantee and Registered as a Charity

Balance Sheet as at 30 June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible fixed assets			
Land, buildings and equipment	5	8,809,583	8,826,832
CURRENT ASSETS			
Stocks	6	34,544	33,246
Debtors	7	100,779	77,638
Cash		3,255	1,673
		138,578	112,557
CREDITORS: Due within one year	8	(615,645)	(708,984)
NET CURRENT LIABILITIES		(477,067)	(596,427)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,332,516	8,230,405
CREDITORS: due after more than one year			
Bank Loan	9	(625,282)	(827,821)
Hire Purchase	9	(36,668)	(77,609)
		(661,950)	(905,430)
		7,670,566	7,324,975
ENDOWMENT FUNDS	10	3,693,399	3,708,680
UNRESTRICTED GENERAL FUNDS	10	3,977,167	3,616,295
		7,670,566	7,324,975

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

Date: 29 October 2002 Chairman,

Michael Rand

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

THE HIGH SCHOOL

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Cash Flow Statement For The Year Ended 30 June 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	a	607,367	511,745
Returns on investment and servicing of finance	b	(70,147)	(86,646)
Capital expenditure	c	(188,646)	(921,183)
Cash flow before financing		348,574	(496,084)
Financing	d	(245,653)	939,179
Increase / (Decrease) in cash		102,921	443,095
Reconciliation of net cash flow to movement in net debt			
Increase (Decrease) in cash in the period		102,921	443,095
Cash inflow from increase in loans		-	(1,000,000)
Cash to repay loans		186,243	-
Cash to repay capital element of hire purchase payments		59,410	60,821
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		348,574	(496,084)
New hire purchase agreement		(8,688)	(88,375)
MOVEMENT IN NET DEBT		339,886	(584,459)
Net debt as at 1 July 2001		(1,282,707)	(698,248)
NET FUNDS / (DEBT) as at 30 June 2002		(942,821)	(1,282,707)
a) Reconciliation of operating surplus to net cash in flow from operating activities			
Net incoming resources		345,591	305,685
Endowment income		(146,364)	(255,156)
Interest received		(1,603)	(6,147)
Interest paid		56,210	81,741
Interest element of hire purchase agreement		10,403	11,340
Loss on disposal of tangible fixed assets		779	-
Depreciation		360,168	347,700
Decrease / (Increase) in stock		(1,298)	(3,086)
Decrease / (Increase) in debtors		(23,141)	4,773
Increase / (Decrease) in creditors		6,622	24,895
		607,367	511,745
b) Returns on investment and servicing of finance			
Interest received		1,603	6,147
Interest paid		(61,347)	(81,453)
Interest element of hire purchase agreements		(10,403)	(11,340)
		(70,147)	(86,646)
c) Capital expenditure			
Payments to acquire tangible assets		(191,646)	(921,183)
Receipts from sale of tangible assets		3,000	-
		(188,646)	(921,183)
d) Financing			
Repayment of capital element of loan		-	1,000,000
Repayment of loans		(186,243)	-
Repayment of capital element of hire purchase agreements		(59,410)	(60,821)
		(245,653)	939,179

Analysis of changes in net debt	30 June 2001	Cash Flow	Other	30 June 2002
Cash in hand	1,673	1,582	-	3,255
Bank overdraft	(149,839)	101,339	-	(48,500)
Debt due within 5 years	(1,000,000)	186,243	-	(813,757)
Hire purchase agreements	(134,541)	59,410	(8,688)	(83,819)
	(1,282,707)	348,574	(8,688)	(942,821)

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

THE HIGH SCHOOL

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Notes to the Accounts For The Year Ended 30 June 2002

1. ACCOUNTING POLICIES

a) **Basis of Preparation**

The accounts are prepared in accordance with The Charities (Accounts and Reports) Regulations 2002 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in November 2000 (the Charities SORP), and with applicable accounting standards. The accounts are prepared on a historical cost basis.

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 ended 30 June 2002.

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 Scheme is a multi employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the School. In accordance with FRS 17 therefore, the Scheme is accounted for as a defined contribution scheme. The employer's contributions are assessed every five years by the Independent Government Actuary. The current employer's rate is 7.15% (2001 - 6.9%) and the employees contribute 6%. The total pension cost in respect of this scheme for the year was £ 177,088 (2001 - £ 154,894) 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 £ 39,045. (2001 - £ 30,320)

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Notes to the Accounts (Continued)

For The Year Ended 30 June 2002

	2002 £	2001 £
2. OTHER INCOME		
Registration Fees	5,292	6,080
Letting of Games Hall	1,031	1,832
Sundry Income	53,486	52,981
After School Care	24,272	19,665
Total other income received	84,081	80,558
3. STAFF COSTS		
Salaries and wages	3,327,586	2,968,696
Social security costs	247,135	222,579
Pension costs	216,133	185,214
	3,790,854	3,376,489
The average number of employees in the year was:	No.	No.
Teaching: Full time	71	71
Part time	31	31
Teaching Support	12	10
Welfare	9	9
Janitors	7	8
Cleaners	24	18
Administration	16	16
	170	163
The directors received no remuneration or reimbursement of expenses during the year.		
The number of employees whose emoluments exceeded £ 50,000 were:		
£50,000 - £60,000	1	1
£90,000 - £100,000	1	1
Management and Administration of the charity includes:		
Auditor's Remuneration: - For Audit	8,170	8,841

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Notes to the Accounts (Continued) For The Year Ended 30 June 2002

4. Analysis of Total Resources Expended

	Staff costs £	Other costs £	Depreciation £	Total £
Direct Charitable Expenditure:				
Teaching costs	3,185,049	549,391	169,186	3,903,627
Welfare costs	46,156	65,143	-	111,298
Premises costs	246,863	229,726	190,982	667,571
Support costs	266,408	82,218	-	348,626
Grants and Other Costs	-	258,408	-	258,408
	<u>3,744,476</u>	<u>1,184,886</u>	<u>360,169</u>	<u>5,289,530</u>
Other Expenditure:				
Charity administration	46,378	60,483	-	106,861
Interest	-	66,813	-	66,813
	<u>3,790,854</u>	<u>1,312,182</u>	<u>360,169</u>	<u>5,463,204</u>

5. Tangible Assets

Anniesland, Glasgow

	Freehold land and Buildings £	Furniture Fittings Equipment £	Vehicles £	Total £
Cost at 1 July 2001	6,198,495	1,348,406	69,084	7,615,985
Additions	174,058	101,109	13,672	288,839
Disposals	-	-	(24,850)	(24,850)
Cost at 30 June 2002	<u>6,372,553</u>	<u>1,449,515</u>	<u>57,906</u>	<u>7,879,974</u>
Depreciation at 1 July 2001	1,087,038	648,995	33,972	1,770,005
Depreciation for the year	126,226	135,167	7,286	268,679
Disposals	-	-	(21,071)	(21,071)
Aggregate at 30 June 2002	<u>1,213,264</u>	<u>784,162</u>	<u>20,187</u>	<u>2,017,613</u>
Book value at 30 June 2002	<u>5,159,289</u>	<u>665,353</u>	<u>37,719</u>	<u>5,862,361</u>
Book value at 1 July 2001	<u>5,111,457</u>	<u>699,411</u>	<u>35,112</u>	<u>5,845,980</u>

Ledcameroch Road, Bearsden

Cost at 1 July 2001	3,206,229	365,354		3,571,583
Additions	31,567	26,292		57,859
Cost at 30 June 2002	<u>3,237,796</u>	<u>391,646</u>		<u>3,629,442</u>
Depreciation at 1 July 2001	416,180	174,550		590,730
Depreciation for the year	64,756	26,734		91,490
Aggregate at 30 June 2002	<u>480,936</u>	<u>201,284</u>		<u>682,220</u>
Book value at 30 June 2002	<u>2,756,860</u>	<u>190,362</u>		<u>2,947,222</u>
Book value at 1 July 2001	<u>2,790,049</u>	<u>190,804</u>		<u>2,980,853</u>

Total Tangible Assets as at 30 June 2002	<u>7,916,149</u>	<u>855,715</u>	<u>37,719</u>	<u>8,809,583</u>
Total Tangible Assets as at 30 June 2001	<u>7,901,506</u>	<u>890,215</u>	<u>35,112</u>	<u>8,826,833</u>

The net book value of fixed assets includes an amount of £ 157,696 (2001 - £ 191,740) in respect of assets held under hire purchase contracts.

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Notes to the Accounts (Continued)

For The Year Ended 30 June 2002

	2002 £	2001 £
6. Stocks		
Books	24,446	26,368
Goods for re-sale	9,060	5,708
Other stock items, not for sale	1,038	1,170
	<u>34,544</u>	<u>33,246</u>
7. Debtors		
Fees	24,241	20,662
Other debtors	34,394	25,453
Prepayments and accrued income	42,144	31,523
	<u>100,779</u>	<u>77,638</u>
8. Creditors: Due within one year		
Bank overdraft / term loan	48,500	149,839
Term Loan (note 9)	188,475	172,179
Hire Purchase (note 9)	47,151	56,932
Trade creditors	68,826	55,593
Other creditors	17,215	16,394
Other taxation and social security	123,560	113,256
Accruals and deferred income	121,919	144,791
	<u>615,645</u>	<u>708,984</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 2003, 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	813,757	1,000,000
Less included in creditors: Amounts falling due within one year	(188,475)	(172,179)
	<u>625,282</u>	<u>827,821</u>
Amounts repayable		
In one year or less	188,475	172,179
In more than one year but not more than two years	198,119	185,085
In more than two years but not more than five years	427,163	642,736
	<u>813,757</u>	<u>1,000,000</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	53,373	65,309
Amounts payable within two to five years	36,828	83,545
	<u>90,201</u>	<u>148,854</u>
Less: Finance charges allocated to future periods	(6,382)	(14,313)
	<u>83,819</u>	<u>134,541</u>
Hire Purchase contracts are analysed as follows:		
Current obligations (note 8)	47,151	56,932
Non-current obligations	36,668	77,609
	<u>83,819</u>	<u>134,541</u>

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Notes to the Accounts (Continued) For The Year Ended 30 June 2002

10. Allocation of the Net Assets	Unrestricted Funds	Endowment Funds	Total	2001
Fixed Assets	5,116,184	3,693,399	8,809,583	8,826,832
Current Assets	138,578	-	138,578	112,557
Creditors, due within one year	(615,645)	-	(615,645)	(708,984)
Creditors, due after one year	(661,950)	-	(661,950)	(905,430)
	<u>3,977,167</u>	<u>3,693,399</u>	<u>7,670,566</u>	<u>7,324,975</u>

Endowment Funds	Balance at 1 July 2001	Received this year	Transferred this year	Balance at 30 June 2002
High School of Glasgow Educational Trust	3,648,050	132,105	(154,594)	3,625,561
Drewsteignton Development Trust	36,162	-	(1,455)	34,707
Other Endowments	24,469	14,259	(5,597)	33,131
	<u>3,708,681</u>	<u>146,364</u>	<u>(161,646)</u>	<u>3,693,399</u>

11. Operating Lease Commitments

Commitments under operating lease arrangements to make payments in 2002/2003 on leases expiring:

Within one year	30,501	5,715
Within two to five years	82,613	10,002
	<u>113,114</u>	<u>15,717</u>

12. Contracts and Commitments

Capital Expenditure authorised by the Directors and contracted	<u>160,000</u>	<u>165,000</u>
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13. Contingent Liability

The School has contributed to development projects at Old Anniesland undertaken by The Glasgow High School Club Limited ("the Club") and has agreed to underwrite any shortfall between their cost and the value of funds raised. The shortfall is dependent partly upon the recovery by the Club and its subsidiaries of VAT in relation to part of the development costs. H M Customs & Excise is contesting the recovery and if they are successful the shortfall to be met by the School would amount to some £203,700. Based on professional advice, the directors consider that the reclaims of VAT by the Club are correct in law and accordingly no provision has been made in these accounts for any shortfall.