

ST. CATHERINE'S BRITISH SCHOOL  
ANNUAL REPORT  
FOR THE YEAR ENDED 31<sup>st</sup> AUGUST 2014





# ST CATHERINE'S BRITISH SCHOOL

(A company limited by guarantee)

## DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> AUGUST 2014

### Status and Administration

St Catherine's British School ("the School" or the "Company") was founded in 1956. The School is a non-profit company limited by guarantee, registered number 00860288 and is also a registered charity, number 313909.

### Directors

The Directors of the School, who are also the charity trustees and members of the Board of Governors, who served since 1st September 2013 through to the date of this report, were:

|                                  |                                                                                                       |                        |                                                                                        |
|----------------------------------|-------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------------|
| Taki, Stavros                    | Chairman 25/08/09                                                                                     | Appointed<br>05/06/08  | Retired 30/09/09 on Board<br>Dissolution, Re-Appointed<br>01/10/09                     |
| Dheere, Maurice Jean             | Resigned as Hon.<br>Treasurer on 31/5/2014<br>and appointed Vice<br>Chairman on the same<br>date      | Appointed<br>21/06/01  | Retired 30/09/09 on Board<br>Dissolution, Re-Appointed<br>01/10/09                     |
| Westgarth, Nicholas              |                                                                                                       | Appointed<br>26/08/09  | Retired 30/09/09 on Board<br>Dissolution, Re-Appointed<br>1/10/09<br>Resigned 19/10/13 |
| Loverdos-Platis, Anna-<br>Maria  |                                                                                                       | Appointed<br>01/10/09  |                                                                                        |
| Nicola-Tsigos, Loukia            |                                                                                                       | Appointed<br>01/10/09  |                                                                                        |
| Mirasyesi-Bernitsa,<br>Domna     |                                                                                                       | Appointed<br>01/10/09  |                                                                                        |
| Groves, Richard William<br>Lewis | Vice-Chairman 26/6/12<br>Resigned as Vice<br>Chairman 31/5/2014<br>and remained as<br>ordinary member | Appointed<br>4/10/11   |                                                                                        |
| Peel, Roger Victor               |                                                                                                       | Appointed<br>4/10/11   |                                                                                        |
| Tinios, Platon                   |                                                                                                       | Appointed<br>24/04/12  |                                                                                        |
| Sabatakakis, Kyriacos            | Appointed Hon.<br>Treasurer<br>31/5/2014                                                              | Appointed<br>20/11/12  |                                                                                        |
| Spiliopoulos Eliades,<br>Annia   |                                                                                                       | Appointed<br>1/4/13    |                                                                                        |
| Paleokrassas, George             |                                                                                                       | Appointed<br>1/4/13    |                                                                                        |
| Sutton, Richard                  |                                                                                                       | Appointed<br>1/10/2014 |                                                                                        |

**Key Personnel & Advisors:-**

|                             |                                                                                                                                                                      |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Headmaster:</b>          | James Stuart Smith, BA (Hons) Oxon (appointed Head 01/09/13)                                                                                                         |
| <b>Company Secretary:</b>   | Company Secretary: Mrs Deborah Eleftheriou (appointed 20/11/12)<br>Joint Company Secretary: Tyrolese (Secretarial) Limited (appointed 26/11/11 and resigned 23/5/14) |
| <b>Business Manager:</b>    | Mr Konstandinos S. Theodosiou (appointed 11/04/11)                                                                                                                   |
| <b>Accountant:</b>          | Mr Anastasios Koutsoukos (appointed 27/06/11)                                                                                                                        |
| <b>School's address:</b>    | Leoforos Venizelou 77<br>Lycovrissi GR141 23<br>Athens<br>Greece                                                                                                     |
| <b>Website:</b>             | <a href="http://www.stcatherines.gr">www.stcatherines.gr</a>                                                                                                         |
| <b>Registered Office:</b>   | 66 Lincoln's Inn Fields<br>LONDON WC2A 3LH<br>ENGLAND                                                                                                                |
| <b>Bankers:</b>             | HSBC Bank<br>Kifissias Avenue,<br>Kifissia GR145 62<br>Greece                                                                                                        |
| <b>Solicitors (U.K.):</b>   | Farrer & Co LLP<br>66 Lincoln's Inn Fields<br>LONDON WC2A 3LH<br>ENGLAND                                                                                             |
| <b>Solicitors (Greece):</b> | C. & S. Dimitriou & Associates<br>28 Didotou Street<br>ATHENS 106 80<br>GREECE                                                                                       |
| <b>Auditors:</b>            | Ernst & Young LLP<br>Barony House<br>Stoneyfield Business Park<br>Inverness IV2 7PA<br>United Kingdom                                                                |

## **Mission Statement**

St. Catherine's British School endeavours to foster a love of learning through a well taught, appropriately challenging and clearly defined, broad and balanced curriculum. Our aim is to fully develop pupils' intellectual, social, physical and creative potential, in anticipation that they will develop into sensitive, informed, decisive and capable global citizens of the future.

## **Objectives**

To provide for and promote the moral, cultural, intellectual social, physical and aesthetic development and the teaching and instruction of pupils according to the National Curriculum for England and Wales, IGCSE and International Baccalaureate, with the overall objective of preparing pupils for the opportunities, responsibilities and experiences of adult life in national and international society.

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

## **Policy**

The School is a day school based in Athens, Greece which follows the National Curriculum for England and Wales, the International General Certificate of Secondary Education (Grades 10 and 11) and the International Baccalaureate Diploma Course for Grades 12 and 13. Classes are conducted in the English language, although Greek language, history and culture lessons also feature prominently in the School's programme.

Our School welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that our School will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's gender, ethnicity, race, religion or disability do not form part of our assessment processes.

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

## **Activities**

During the 2013/2014 academic year the School continued to offer a complete curriculum for girls and boys from the age of three up to eighteen. The School's principal funding source continued to be application, registration, development fund, nursery and main school fees.

On the 12th January 2011 the School received the report of its first inspection by the Independent Schools Inspectorate (ISI). As a result the School was granted full membership of the Council of British International Schools (COBIS). It should be noted that the school was subsequently re-inspected in November 2013. Both reports had excellent outcomes and can be found on the school website – [www.stcatherines.gr](http://www.stcatherines.gr). The School is also a member of the "Headmasters and Headmistresses" Conference (HMC) and the Association of Governing Bodies of Independent Schools (AGBIS). In November 2012 the School became a member of the "Independent Schools' Bursars Association" (ISBA). The School now has the four leading UK regulatory bodies to advise and assist.

## **Charitable Activities**

- 1) Bursaries to pupils;
- 2) Scholarship fund for underprivileged pupils entering higher education;
- 3) Emergency funds for pupils with critical disabilities;
- 4) The School supported and contributed to the following overseas and local charities:
  - Aged (UK Charity)
  - Alma Zois - Women with Breast Cancer (Greek Charity)
  - British Lung Foundation (UK Charity)

- Caritas Athens Refugee Programme (Greek Charity)
- Desmos (Greek Charity)
- Every Child (UK Charity)
- Friends of the Child (Greek Charity)
- Helping Hands Athens Refugee Ministry (Greek Charity)
- Kefalonia Island, Greece Donation for Earthquake Relief
- Make a Wish (Greek Charity)
- MDA Hellas (Greek Charity)
- National Association For The Blind (Greek Charity)
- Philippines Disaster Relief Fund
- Royal National Lifeboat Institution (UK Charity)
- Smile of the Child (Greek Charity)
- SOS Village (Greek Charity)
- Sport Relief (UK Charity)
- Tositsa Foundation For Scholarship to Sotirios Dekoumas (Greece)
- Water Aid (UK Charity)
- Wind Aid (Peru)
- World Vision (UK Charity)

### **Governance**

The Directors ratify specific school policies; some, such as Health & Safety and Child Protection are reviewed and endorsed on an annual basis, others are reviewed periodically. The day to day management of the School is delegated to the Headmaster.

The School operates four standing sub-committees:

- Finance/Resources Committee
- Curriculum/Standards Committee
- Human Resources Committee
- Health and Safety Committee

All the above committees are chaired by a Director and include other Directors and employees. The minutes of the meetings are distributed to the Board for ratification. The sub-committees' role is to monitor, review and evaluate all appropriate matters and bring their recommendations to the Board.

The School also has a Bursary Committee that is chaired by the Chairman of the Board which meets to discuss and decide on the granting of means tested bursaries.

### **Directors' Induction and Training**

Governors/Directors shall be nominated by the Nomination Committee from time to time (British Ambassador, Director of the British Council or Director of the British School at Athens) or by the Chairman's Committee (Chair, Vice-Chair, Hon. Treasurer) and presented to the Governing Board for consideration. On a resolution by the Board, once appointed, Governors become Members/Directors of the "School" for a four year term. Following the fourth anniversary (six years for Executive Governors/Chairman's Committee) Governors shall be entitled to be considered for re-appointment for up to one additional four year term (for Governors) or six year term (Executive Governors). At any one time there shall be no more than two persons nominated by a single Nominator sitting on the Governing Body. No Nominator shall be a member of the School.

Governors follow an induction programme with the Chairman's Committee and Senior members of the School Staff. Upon appointment a Director receives a detailed file with the School's constitution, its corporate documentation and its by-laws. The Board of Governors in consultation with its advisors are constantly looking for ways to broaden the skills and experience of the School's Governing Body. During May 2014 Mr. Platon Tinios (Chairman of Curriculum/Standards Committee and Member on the Board of Governors) attended the COBIS Conference together with the Executive Leadership Team.

The Directors do not receive any remuneration or financial assistance. Directors' expenses as they relate in the capacity to carry out their duties and responsibilities may be recovered from the School. The amount of Directors' expenses in the financial year ended 31 August 2014 amounted to €6,118, being reimbursement of air fares, taxi fares and hotel costs to enable the Directors who are based in the UK, to attend meetings. The Directors are indemnified by the School in accordance with its Memorandum and Articles of Association.

### **Principal Risks and Uncertainties**

The principal financial risks of the School relate to a significant reduction in the student numbers, to high inflation and significant economic downturn due to austerity measures in Greece and the risk of currency conversion. The most significant overhead relates to staff costs. Staff payment awards and School fee increases are set by the Board each year together with the approval of the budget and therefore the School has some control over the payroll overhead and its revenue. The School does not have significant hard currency exposure.

The financial obligations and covenants associated with the loan obtained from HSBC Bank Plc in July 2009 may give rise to additional risk factors and possible constraints for the School. A reduction in revenues, increase in overheads or reduction in the values of the School's fixed properties may result in the School's failure to meet its obligations which may be a default under the terms and conditions of the loan agreement. Increases in interest rates may also adversely affect the School's ability to meet its obligations. These defaults may result in the bankruptcy or insolvency of the School. In addition, the loan covenants may restrict the School's business and financing activities.

The principal risks to which the School is exposed, as identified by the Directors, are reviewed systematically from time to time in order to mitigate those risks. An example of risk mitigation was when the Directors took into consideration the current economic climate in Greece and decided not to raise tuition fees for the academic year 2010-11 and similarly, staff pay awards were kept at the same levels. Similarly, both tuition fees and staff pay awards were kept at similar levels for the school year 2013-14.

### **Strategic Report**

#### **• Review**

The School is in the process of implementing a plan to maintain occupancy of between 1,050 to 1,150 until its development plan for the Macsolar property is activated. Recent occupancy data is summarised as follows:

| <u>Academic Year</u>  | <u>approx. no. of pupils</u> |
|-----------------------|------------------------------|
| 2008/2009             | 890                          |
| 2009/2010             | 938                          |
| 2010/2011             | 1,030                        |
| 2011/2012             | 1,100                        |
| 2012/2013             | 1,067                        |
| 2013/2014             | 1,071                        |
| 2014/2015 (estimated) | 1,111                        |

Another example of risk mitigation, on this occasion including a qualitative aspect, was that for the prior academic year, the Directors took the decision to reduce the number of classes in the nursery and lower year groups in order to allow for the accommodation of organic growth in the higher year groups. This decision to halt the on-going growth will allow greater freedom for the School as it unfolds its strategic campus development plan. This resulted in a slight decrease in student numbers to 1,067 in 2012/13.

The School's bursary scheme in 2013-2014 supported 95 pupils (prior year 78) in various percentages of which 41 (prior year 39) were staff children (also in various percentages).

#### **• Financial Results**

The financial performance for the year 2013-14 was above the budget approved by the Board.

Total Incoming Resources for the year 2013-2014 were €11,728,868 compared to €11,823,462 for 2012-2013 representing a decrease of €94,594 or 0.8% compared to the year 2012-2013. Pupil numbers increased by 0.4% in 2012-13 compared to 2012-13.

Total Resources Used for the year 2013-2014 amounted to €9,419,952 compared to €10,365,352 for 2012-2013 representing a decrease of €945,400 or 9.1% compared to the year 2012-2013.

Bank interest for the year 2013-2014 was €303,895 compared to €354,559 for the year 2012-2013. The decrease was due to the continuing reduction in the loan.

Net Incoming Resources for the year 2013-2014 amounted to €2,308,916 compared to €1,458,110 for 2012-2013 representing an increase of €850,806 or 58.4%.

Net Movement in Funds amounted to €1,928,529 for the year 2013-2014. This was due to the devaluation of properties by €257,000 as well as an actuarial loss of €123,387. The balance carried forward increased to €13,196,220.

- **Reserves**

The School's restricted reserves relate to funds held for specific purposes. At present these are €1,402,683 held under the Land Revaluation Reserve and €146,742 held under the School Reserve.

The School's unrestricted funds are re-invested back into the School through additions and improvements to its facilities and expenditure in relation to new technology as well as new furniture and fittings.

- **Resources**

The School's assets are sufficient to meet its obligations.

The results are set out in the attached Statement of Financial Activities, Balance Sheet and Statement of Cash Flows.

The School's Business Manager produces management reports that measure the actual performance of the School compared to the budget as well as interim financial statements. The Financial Statements and management reports are reviewed by the Board and the Headmaster.

After making due enquiries, the Board of Directors confirm its expectation that the School has adequate resources to continue in operational existence for the foreseeable future. Therefore, in preparing the financial statements the Board continues to adopt the going concern basis.

- **Development Plans**

In January 2011 the School received zoning approval under the Single Implementation Act, allowing for the development of the Macsolar building and site that was acquired in 2009.

The acquisition of the Macsolar property was designed to relieve the space constraints created from the pupil growth which resulted from the successful implementation of the School's business plan.

The Board of Governors together with the Headmaster and the Executive Leadership Team of the School have considered different development options for the Macsolar property. The length of this project will be determined by the School's available funds. The School is concerned about the current economic climate and does not wish to undertake inappropriate risks. To this end, the School will only proceed with the development plan once the economic instability in Greece has normalised. In addition, the School will make careful allocation of its resources to the construction budgets and manage the associated risks and exposure in a prudent manner.

The School is carefully considering the funding needs of its capital expenditure programme through its own internally generated funds, EU subsidy schemes, donations as well as through additional bank borrowing.

Given the continuing uncertainty in the Greek Economy and the delay in the development of the Macsolar property numerous improvements were made during the year under review. These included the following:

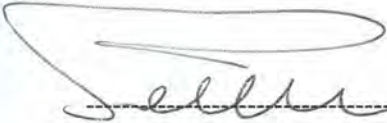
- Refurbishment of Lower School Reception Area.
- Creation of new office for Head of KS2.
- Refurbishment of Swimming Pool Lighting System.
- Refurbishment of School Hall.
- Remodelling of CWT kitchen/toilets so as to create an additional office space.
- Refurbishment of Lower School Staffroom in order to facilitate use by both Lower and Upper School.
- Conversion of Upper School Staff Room into a classroom.
- Remodelling/refurbishment of Lower School Administration Office.

#### **Approval of the Directors' Report and Financial Statements**

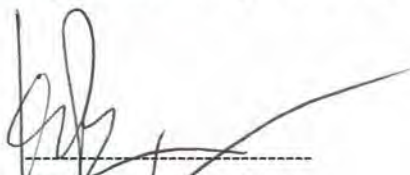
A resolution approving this Directors' Report and the School's Financial Statements for the year ended 31<sup>st</sup> August 2014 will be put forward at the Board meeting to be held on 2<sup>nd</sup> April 2015. In signing this report the Directors confirm that they have approved the Strategic Report in their capacity as Company Directors of St. Catherine's British School.

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Approved by the Board of Directors at its meeting on **2<sup>nd</sup> April 2015** and signed on its behalf by:



Stavros Taki  
Chairman



Kyriacos Sabatakakis  
Hon. Treasurer

## **ST. CATHERINE'S BRITISH SCHOOL**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report (including the Strategic Report) and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the School and of the profit or loss of the School 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the School will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. CATHERINE'S BRITISH SCHOOL**

We have audited the financial statements of St. Catherine's British School for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the School's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

*Ernst & Young UK*

Eunice McAdam (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Inverness  
7 April 2015

**ST. CATHERINE'S BRITISH SCHOOL**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31<sup>st</sup> AUGUST 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

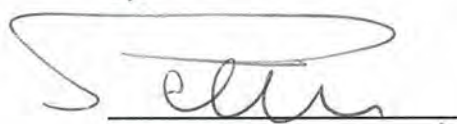
|                                                                               |              | <b>31-Aug-14</b>  | <b>31-Aug-13</b>  |
|-------------------------------------------------------------------------------|--------------|-------------------|-------------------|
|                                                                               | <b>Notes</b> |                   |                   |
| <b>Incoming Resources</b>                                                     |              |                   |                   |
| Fees Receivable                                                               |              | 11,457,653        | 11,567,628        |
| Other Income                                                                  |              | 267,275           | 250,072           |
| Bank Interest                                                                 |              | 3,940             | 5,762             |
| <b>Total Incoming Resources</b>                                               |              | <b>11,728,868</b> | <b>11,823,462</b> |
| <b>Resources Used</b>                                                         |              |                   |                   |
| Direct Charitable Expenditure:                                                |              |                   |                   |
| Staff Costs                                                                   | 2            | 7,170,918         | 7,644,792         |
| Educational Consumables                                                       |              | 206,920           | 186,897           |
| Maintenance & Utilities                                                       |              | 470,910           | 512,090           |
| Real Estate, VAT and other Sundry Duties                                      | 3            | 165,141           | 140,756           |
| General Administration Expenses                                               |              | 533,405           | 617,433           |
|                                                                               |              | <b>8,547,294</b>  | <b>9,101,968</b>  |
| Other Expenditure:                                                            |              |                   |                   |
| Interest                                                                      |              | 303,895           | 354,559           |
| Depreciation                                                                  | 5            | 485,544           | 555,749           |
| Bad Debts                                                                     |              | 80,261            | 353,076           |
| Normal Taxation                                                               |              | 2,958             | 0                 |
|                                                                               |              | <b>872,658</b>    | <b>1,263,384</b>  |
| <b>Total Resources Used</b>                                                   |              | <b>9,419,952</b>  | <b>10,365,352</b> |
| <b>Net Incoming Resources</b>                                                 |              |                   |                   |
| Before Other Recognised Gains & Losses<br>- unrestricted Funds                | 4            | 2,308,916         | 1,458,110         |
| Devaluation of Fixed Assets<br>- restricted funds                             |              | (257,000)         | (1,007,000)       |
| Actuarial (loss)/gain on Staff Retirement<br>Indemnities - unrestricted funds | 8            | (123,387)         | 99,496            |
| Net Movement In Funds                                                         |              | <b>1,928,529</b>  | <b>550,606</b>    |
| Balance Brought Forward at 1 <sup>st</sup> September                          |              | <b>11,267,691</b> | <b>10,717,085</b> |
| <b>Balance Carried Forward at 31<sup>st</sup> August</b>                      |              | <b>13,196,220</b> | <b>11,267,691</b> |

**ST. CATHERINE'S BRITISH SCHOOL**  
**BALANCE SHEET AS AT 31<sup>st</sup> AUGUST 2014**

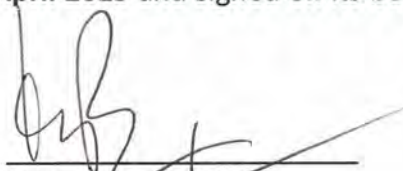
(All amounts in tables and notes are presented in € unless otherwise stated)

|                                              |       | 31-Aug-14          | 31-Aug-13          |
|----------------------------------------------|-------|--------------------|--------------------|
|                                              | Notes |                    |                    |
| <b>Fixed Assets</b>                          |       |                    |                    |
| <b>Tangible Fixed Assets</b>                 |       |                    |                    |
| School's Land, Buildings and Equipment       | 5     | 16,642,839         | * 17,196,538       |
| <b>Current Assets</b>                        |       |                    |                    |
| Debtors                                      | 6     | 346,823            | 263,482            |
| Cash and Banks                               |       | 5,351,352          | 4,219,609          |
|                                              |       | <u>5,698,175</u>   | <u>4,483,091</u>   |
| <b>Current Liabilities</b>                   |       |                    |                    |
| Creditors Due Within 1 Year                  | 7     | (2,446,150)        | (2,768,346)        |
| Short Term portion of Long term loan         | 8     | (1,150,000)        | (1,150,000)        |
|                                              |       | <u>(3,596,150)</u> | <u>(3,918,346)</u> |
| <b>Net Current Assets</b>                    |       | 2,102,025          | 564,745            |
| <b>Total Assets Less Current Liabilities</b> |       | <u>18,744,864</u>  | <u>17,761,283</u>  |
| <b>Long Term Liabilities</b>                 |       |                    |                    |
| Bank Loans                                   | 8     | (4,650,000)        | (5,800,000)        |
| Retirement Benefits                          | 9     | (898,644)          | (693,592)          |
|                                              |       | <u>(5,548,644)</u> | <u>(6,493,592)</u> |
| <b>Total Net Assets</b>                      |       | <u>13,196,220</u>  | <u>11,267,691</u>  |
| <b>Restricted Funds</b>                      | 10    | 1,549,425          | 1,806,425          |
| <b>Unrestricted Funds</b>                    | 10    | 11,646,795         | 9,461,266          |
| <b>Total Funds</b>                           |       | <u>13,196,220</u>  | <u>11,267,691</u>  |

Approved by the Board of Directors at its meeting on 2<sup>nd</sup> April 2015 and signed on its behalf by:



Stavros Taki  
Chairman



Kyriacos Sabatakakis  
Hon. Treasurer

**ST. CATHERINE'S BRITISH SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31<sup>st</sup> AUGUST 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

|                                                                                              | <b>31-Aug-14</b>        | <b>31-Aug-13</b>        |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Net Cash Inflow From Operating Activities</b>                                             | <b>2,773,501</b>        | <b>2,161,053</b>        |
| Interest Received                                                                            | 3,940                   | 5,762                   |
| Interest Paid                                                                                | <u>(303,895)</u>        | <u>(354,559)</u>        |
| <b>Returns On Investments And Servicing Of Finance</b>                                       | <b>(299,955)</b>        | <b>(348,797)</b>        |
| <b>Taxation</b>                                                                              | <b>(2,958)</b>          | <b>0</b>                |
| <b>Capital Expenditure And Financial Investment</b>                                          | <b>(188,845)</b>        | <b>(313,240)</b>        |
| <b>Financing</b>                                                                             |                         |                         |
| Repayment of loan                                                                            | (1,150,000)             | (1,500,000)             |
| <b>Increase/(Decrease) In Cash</b>                                                           | <b>1,131,743</b>        | <b>(984)</b>            |
| <b>Cash and cash equivalents at the beginning of the year</b>                                | <b>4,219,609</b>        | <b>4,220,593</b>        |
| <b>Cash and cash equivalents at the end of the period</b>                                    | <b><u>5,351,352</u></b> | <b><u>4,219,609</u></b> |
| <b>Reconciliation of net incoming resources to net cash inflow from operating activities</b> |                         |                         |
| Net incoming resources                                                                       | 2,308,916               | 1,458,110               |
| Interest                                                                                     | 299,955                 | 348,797                 |
| Taxation paid                                                                                | 2,958                   | 0                       |
| Depreciation                                                                                 | 485,544                 | 555,749                 |
| Bad debt provision                                                                           | 80,261                  | 353,076                 |
| Increase/(Decrease) in provision for retirement indemnities                                  | 81,665                  | (54,092)                |
| (Increase) in debtors                                                                        | (163,602)               | (278,893)               |
| (Decrease) / Increase in creditors - excluding loan                                          | (322,196)               | (221,694)               |
| <b>Net Cash Inflow From Operating Activities</b>                                             | <b><u>2,773,501</u></b> | <b><u>2,161,053</u></b> |

**1. ACCOUNTING POLICIES**

**a) Basis of Preparation**

The accounts have been prepared on a going concern basis and, except for the revaluation of land, under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting and Reporting by Charities 2005.

**b) Tangible Fixed Assets**

Land is stated at its revalued amount, while the remainder of the tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets in use, other than freehold land, at rates and bases calculated to write-off the cost of the assets over their expected useful lives by the straight-line method. The depreciation rates are 4% to 5% for buildings and general improvements, 10% for furniture and equipment items, and 20% for computers and software. Leasehold improvements are depreciated over the lease term.

**c) Fees**

The School's revenue comprises non-refundable application fees and main school and nursery fees, net of bursaries and other discounts. Fee income is recognised over the period to which it relates. Registration fees and development funds are treated as income in the year they are received.

**d) Expenditure**

Expenditure is generally inclusive of irrecoverable V.A.T. and is reflected in the accompanying accounts by nature. However, with effect from 1<sup>st</sup> January 2014, all VAT is separately disclosed in Real Estate, VAT and Other Sundry Duties. Purchases made in Europe which give rise to a Greek VAT obligation are also reflected separately in Real Estate, VAT and Other Sundry Duties under direct charitable expenditure.

**e) Pension scheme**

The School operates a defined benefit scheme in Greece which provides a savings/pension scheme for employees that choose to participate. The School matches up to 5% of the contributions to the scheme. The School continued to operate a defined contribution scheme in the UK, which provides life and retirement benefits to certain of its employees. The scheme is managed by a life assurance company and its assets are held separately for each individual member. All staff are also members of the Greek state social security and Pension arrangements.

**f) Reserve for Staff Retirement Indemnities**

The School's staff retirement obligations under the Greek State Social Security and pension arrangements are calculated in accordance with the provisions of FRS 17 "Retirement Benefits", at the discounted value of the future retirement benefits accrued. Retirement obligations are calculated on the basis of financial and actuarial assumptions and are determined using the projected unit credit actuarial valuation method (Project Unit Credit Method). The pension expense for the period is included in staff costs and consists of the present value of benefits earned in the year, interest cost on the benefit obligation and any past service cost. Actuarial

## **ST CATHERINE'S BRITISH SCHOOL**

### **Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

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gains and losses are recognised in full in other recognised income and expense in the period in which they occur.

#### **g) Foreign currencies**

The accounts are expressed in Euros. The exchange rate at 31st August 2014 was £1 / €1.171 (31<sup>st</sup> August 2013: £1 / €1.257). Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Differences on translations are reflected in the statement of financial activities.

#### **h) Taxation**

The School is a not-for-profit organisation and is therefore exempt from income tax (except for activities not related to education). Irrespective of the School's exempt income tax status, it is subject to Real Estate Property Tax.

#### **i) Leases**

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

#### **j) Funds**

The School's restricted funds are held for specific purposes. They consist of €1,402,683 held under the Land Revaluation Reserve and €146,742 held under the School Reserves. The School's unrestricted funds are re-invested back into the School through additions and improvements to its facilities and expenditure in relation to new technology as well as new furniture and fittings.

#### **k) Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

#### **l) Interest rate swaps**

The interest differentials on interest swaps are recognised by accruing the net interest payable. Interest rate swaps are not re-valued to fair value or shown on the balance sheet at the year-end.

#### **m) Resources expended**

Direct Charitable Expenditure represents the full cost of teaching, welfare, premises and support costs associated with running the school. Governance costs represent the necessity of compliance with statutory and constitutional requirements.

**ST CATHERINE'S BRITISH SCHOOL****Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

**2. STAFF COSTS**

|                       | <b>2013-2014</b> | <b>2012-2013</b> |
|-----------------------|------------------|------------------|
|                       | <b>€</b>         | <b>€</b>         |
| Wages & salaries      | 5,428,344        | 5,456,971        |
| Social security costs | 1,456,850        | 1,422,658        |
| Pension contributions | 184,670          | 192,249          |
| Other costs           | 101,054          | 572,914          |
|                       | <u>7,170,918</u> | <u>7,644,792</u> |

The Directors received no remuneration or reimbursement of expenses during the year except for amounts directly related to attending the governors meetings such as taxis, airfares, meals and hotel costs. There is no employee whose emoluments exceeded €75,000.

The average monthly number of employees (both full-time and part-time) during the year is shown below.

|                          | <b>2013-2014</b> | <b>2012-2013</b> |
|--------------------------|------------------|------------------|
| Full-time teaching staff | 66               | 59               |
| Part-time teaching staff | 16               | 24               |
| Teaching assistants      | 29               | 31               |
| Administration staff     | 27               | 29               |
| Cleaning staff           | 22               | 22               |
| Management               | 10               | 10               |
|                          | <u>170</u>       | <u>175</u>       |

Although actual staff numbers decreased year on year, fulltime equivalent (FTE) Staff increased slightly from 148.9 in 2012-2013 to 150.2 in 2013-2014.

**3. REAL ESTATE PROPERTY TAX, VAT & OTHER SUNDRY DUTIES**

In the current fiscal year, the School paid various sundry duties and taxes amounting to €165,141 comprising mainly VAT payable to the Greek tax authorities on purchases made within the European Union amounting to €25,961 (€42,252 in 2012-2013). With effect from 1<sup>st</sup> January 2014, VAT on local goods and services is also disclosed separately and amounts to €123,381 (€0 in 2012-2013). Also included is the special levy on properties, amounting to €3,108 (€17,540 in 2011-2012). Real estate property tax amounted to €59,795 in 2012-13. The school has been exempted of paying this tax in 2013-2014.

**4. NET INCOMING RESOURCES - Before Other Recognised Gains & Losses**

Included in Net Incoming Resources are the following discloseable items:

- (a) Audit remuneration for 2013/14 amounted to €13,750 (2012/13 - €13,700)
- (b) Operating leases – Land & Buildings for 2013/14 amounted to €95,093 (2012/13 - €81,201)

**ST CATHERINE'S BRITISH SCHOOL****Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

**5. TANGIBLE FIXED ASSETS**

|                             | <b>Freehold<br/>Land</b> | <b>Freehold<br/>&amp; Leased<br/>Buildings</b> | <b>Furniture &amp;<br/>Equipment</b> | <b>Improve-<br/>ments</b> | <b>TOTAL</b> |
|-----------------------------|--------------------------|------------------------------------------------|--------------------------------------|---------------------------|--------------|
| <u>Cost or revaluation:</u> |                          |                                                |                                      |                           |              |
| At 1st September 2013       | 13,182,000               | 6,512,229                                      | 2,466,277                            | 649,854                   | 22,810,360   |
| Additions                   | 0                        | 59,136                                         | 129,709                              | 0                         | 188,845      |
| Devaluation                 | (257,000)                | 0                                              | 0                                    | 0                         | (257,000)    |
| At 31st August 2014         | 12,925,000               | 6,571,365                                      | 2,595,986                            | 649,854                   | 22,742,205   |
| <u>Depreciation:</u>        |                          |                                                |                                      |                           |              |
| At 1st September 2013       | 0                        | 3,127,874                                      | 1,871,108                            | 614,840                   | 5,613,822    |
| Charge for the year         | 0                        | 327,935                                        | 146,303                              | 11,306                    | 485,544      |
| At 31st August 2014         | 0                        | 3,455,809                                      | 2,017,411                            | 626,146                   | 6,099,366    |
| <u>Net book value:</u>      |                          |                                                |                                      |                           |              |
| At 31st August 2014         | 12,925,000               | 3,115,556                                      | 578,575                              | 23,708                    | 16,642,839   |
| At 31st August 2013         | 13,182,000               | 3,384,355                                      | 595,169                              | 35,014                    | 17,196,538   |

On 31<sup>st</sup> July 2014 a valuation of freehold land was conducted by Proprius S.P. LLC (a member of the Cushman & Wakefield Alliance). The basis of valuation was the market value of each property in its current condition, assuming vacant possession and not considering any business aspect. The School's land was valued at €12,925,000. This resulted in a devaluation of €257,000 which reduced the revaluation reserve created in previous years of €1,659,683 at 31<sup>st</sup> August 2013 to €1,402,683 at 31<sup>st</sup> August 2014.

Had the School's land been carried at historical cost, its carrying amount would have amounted to €11,522,317.

**6. DEBTORS**

|                                                                                                                    | <b>2013-2014<br/>€</b> | <b>2012-2013<br/>€</b> |
|--------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Fees, net of provision for doubtful accounts of<br>€898,970 as at 31 <sup>st</sup> August 2014<br>(2013: €818,709) | 202,216                | 111,986                |
| Guarantees                                                                                                         | 41,233                 | 41,233                 |
| Other debtors                                                                                                      | 9,151                  | 8,433                  |
| Prepaid expenses (a)                                                                                               | 94,223                 | 101,830                |
|                                                                                                                    | <b>346,823</b>         | <b>263,482</b>         |

- (a) The amount of prepaid expenses includes advances to suppliers relating to construction activity of various projects, as well as purchases of books and educational material, which will be used in the following school year.

**ST CATHERINE'S BRITISH SCHOOL****Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

**7. CREDITORS: Due within one year**

|                          | <b>2013-2014</b> | <b>2012-2013</b> |
|--------------------------|------------------|------------------|
|                          | <b>€</b>         | <b>€</b>         |
| Trade creditors          | 146,980          | 168,783          |
| Reservation deposits (a) | 1,551,710        | 1,497,886        |
| Sundry creditors         | 121,240          | 119,575          |
| Taxes & social security  | 316,070          | 310,911          |
| Accruals                 | 310,150          | 671,191          |
|                          | <b>2,446,150</b> | <b>2,768,346</b> |

(a) The School received part of the annual fees in advance (€1,551,710) for the next school year.

**8. LONG TERM LIABILITIES – BANK LOAN**

On 29th June 2009, the School obtained a loan of €11,000,000 from HSBC Bank Plc, Greece. The loan is repayable in 14 semi-annual instalments beginning on 31st January 2010 and ending on 31st July 2016, as follows:

|                                          | <b>2013-2014</b> | <b>2012-2013</b> |
|------------------------------------------|------------------|------------------|
|                                          | <b>€</b>         | <b>€</b>         |
| Due within one year (short term portion) | 1,150,000        | 1,150,000        |
| Due within two to five years             | 4,650,000        | 5,800,000        |
|                                          | <b>5,800,000</b> | <b>6,950,000</b> |

The loan bears interest at three month Euribor plus a margin.

The loan is secured by a first preferred mortgage on the School's immovable property. In addition the insurance policies on the School's immovable property have been assigned as collateral for this loan facility. In April 2013 the loan agreement with HSBC was amended retroactively. The amended loan agreement included the following terms:

- An additional payment of €350,000 was made in April 2013;
- The excess cash clause was removed;
- The outstanding loan balance is no more than 55% of the market value of the School's mortgaged immovable property;
- The Debt Cover Ratio (EBITDA/Debt Service excluding unscheduled repayments made such as the €350,000 above) is greater than or equal to 1.15 for the year ended 31<sup>st</sup> August 2014 (greater than or equal to 1.10 for the year ended 31<sup>st</sup> August 2013) ;
- The Debt to Equity ratio is less than 85% for the year ended 31<sup>st</sup> August 2014 (90% in 2013).

**ST CATHERINE'S BRITISH SCHOOL****Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

The School also has an interest rate swap agreement. The terms and the conditions of the swap are:

|                                    |                   |
|------------------------------------|-------------------|
| Trade date                         | 9th December 2009 |
| Start date                         | 1st February 2010 |
| Maturity date                      | 30 January 2015   |
| Notional amount                    | €5,325,000        |
| Counter party A pays St. Catherine | 2.57%             |
| Counter party B pays HSBC          | 3 month Euribor   |

The fair value of the interest rate swap at 31<sup>st</sup> August 2014 was a €37,406 liability (31<sup>st</sup> August 2013 was a €112,530 liability).

Furthermore, the School is in compliance with the terms and conditions of the loan agreement as of 31<sup>st</sup> August 2014.

**9. PROVISION FOR RETIREMENT INDEMNITIES**

Under Greek labour law, employees are entitled to termination payments in the event of dismissal or retirement, with the amount of payment varying in relation to the employee's compensation, length of service and manner (dismissed or retired) of termination, which if due to retirement is 40% of the amount payable upon dismissal. Employees who resign or are dismissed with cause are not entitled to termination payments. The number of employees who will eventually be dismissed or retire in subsequent years is not known.

An actuarial valuation of the retirement indemnities liability was performed during the year by independent actuaries. The movement and components of the retirement indemnities liability for the year ended 31<sup>st</sup> August 2014 is as follows:

| <b>Net liability recognised in the Balance Sheet</b>                   | <b>2013-2014</b> | <b>2012-2013</b> |
|------------------------------------------------------------------------|------------------|------------------|
|                                                                        | <b>€</b>         | <b>€</b>         |
| Present value of defined benefit obligation                            | 898,644          | 693,592          |
| Net liability                                                          | 898,644          | 693,592          |
| <b>Actuarial assumptions</b>                                           | <b>2013-2014</b> | <b>2012-2013</b> |
|                                                                        | <b>%</b>         | <b>%</b>         |
| Rate of salary increases                                               | 3.0%             | 3.0%             |
| Discount rate                                                          | 1.9%             | 3.4%             |
| Average price inflation                                                | 2.0%             | 2.0%             |
| <b>Net expense recognised in the Statement of Financial Activities</b> | <b>2013-2014</b> | <b>2012-2013</b> |
|                                                                        | <b>€</b>         | <b>€</b>         |
| Service cost component                                                 | 64,729           | 77,283           |
| Interest cost component                                                | 23,582           | 20,332           |
| Expected return on plan assets                                         | -                | -                |
| Termination benefits                                                   | (6,646)          | (8,190)          |
|                                                                        | 81,665           | 89,425           |

**ST CATHERINE'S BRITISH SCHOOL****Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

| <b>Other recognised gains and losses recognised in the Statement of Financial Activities</b> | <b>2013-2014<br/>€</b> | <b>2012-2013<br/>€</b> |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|
| Actuarial losses/(gains)                                                                     | 123,387                | (99,496)               |
|                                                                                              | <u>123,387</u>         | <u>(99,496)</u>        |
| <b>Change in the present value of the defined benefit obligation</b>                         | <b>2013-2014<br/>€</b> | <b>2012-2013<br/>€</b> |
| Present value of defined benefit obligation as at 1 <sup>st</sup> September                  | 693,592                | 847,180                |
| Service cost component                                                                       | 64,729                 | 77,283                 |
| Interest cost component                                                                      | 23,582                 | 20,332                 |
| Termination benefits                                                                         | (6,646)                | (8,190)                |
| Less: Benefits paid                                                                          | 0                      | (143,517)              |
| Actuarial losses/(gains)                                                                     | 123,387                | (99,496)               |
| Present value of defined benefit obligation as at 31st August                                | <u>898,644</u>         | <u>693,592</u>         |

The cumulative actuarial (gains)/losses taken to the statement of other recognised gains and losses at 31<sup>st</sup> August 2014 were losses of €122,627 (2013: €760 gains).

**10. RESTRICTED AND UNRESTRICTED FUNDS****Restricted Funds**

|                          | <b>2013-2014<br/>€</b> | <b>2012-2013<br/>€</b> |
|--------------------------|------------------------|------------------------|
| Land Revaluation Reserve | 1,402,683              | 1,659,683              |
| School Reserves          | <u>146,742</u>         | <u>146,742</u>         |
|                          | <u>1,549,425</u>       | <u>1,806,425</u>       |

The Land Valuation Reserve reflects the revaluation of the School's freehold land.

**Unrestricted Funds**

The School's funds are held to finance the freehold property and to cover normal fluctuations in working capital. As at 31<sup>st</sup> August 2014 unrestricted reserves amounted to €11,646,795 (2013: €9,461,266).

**11. RELATED PARTY TRANSACTIONS**

There are no related party transactions.

**ST CATHERINE'S BRITISH SCHOOL****Notes to the Accounts as at 31st August 2014**

(All amounts in tables and notes are presented in € unless otherwise stated)

**12. CONTRACTS AND COMMITMENTS**

At 31 August 2014 the School had annual commitments under non-cancellable operating leases as set out below:

|                                | <b>Land and buildings</b> |                  |
|--------------------------------|---------------------------|------------------|
|                                | <b>2013-2014</b>          | <b>2012-2013</b> |
|                                | <b>€</b>                  | <b>€</b>         |
| Operating leases which expire: |                           |                  |
| Within one year                | 31,192                    | 94,988           |
| In 2 to 5 years                | 62,160                    | 31,192           |
|                                | <u>93,352</u>             | <u>126,180</u>   |

**13. CONTINGENT LIABILITIES**

During May 2000, the School's tax status was clarified with the tax authorities and the School was granted a Greek tax registration number. According to Greek tax legislation, tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. As the School has never been audited by the tax authorities since inception, its liability for taxes, fines, duties and any other dues or actions that may be levied or taken against it by the said authorities is not considered finalised.

Given the clarification of the School's income tax status described above, the School's principal activities are not subject to income taxes; as a result, the Directors believe that the possibility of realisation of such contingent tax liabilities is remote.

Greek tax law 3842/2010 imposed, among others a special tax of 15% to various categories (entities or individuals) of real estate owners in Greece, simultaneously providing for certain exceptions. The School, as a not for profit organization, is exempted from the above mentioned tax. The law specified that a formal procedure of submitting an exception application and a zero tax return to the tax authorities had to be followed. The School did not file an exception application with the tax authorities, for the calendar year 2010 but it directly submitted a zero tax return. Management believes that, because the School is exempted of the above mentioned tax non strict implementation of the above formalities will not result in any additional tax burden.

**14. Subsequent Events**

On the 10<sup>th</sup> February 2015, the Ministry of Finance issued a guideline (POL 1044) with respect to the taxation of educational fees by private schools that are established abroad and a "Not for Profit" in nature. The guideline is being carefully reviewed by Tax Consultants. In the event that it is applicable, the school would be subject to taxation with effect from 1<sup>st</sup> January 2014.