

ST. CATHERINE'S BRITISH SCHOOL
ANNUAL REPORT
FOR THE YEAR ENDED 31st AUGUST 2013





ST CATHERINE'S BRITISH SCHOOL

(A company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31st AUGUST 2013

Status and Administration

St Catherine's British School ("the School") 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 2012 through to the date of this report, were:

Taki, Stavros	Chairman 25/08/09	Appointed 05/06/08	Retired 30/09/09 on Board Dissolution, Re-Appointed 01/10/09
Dheere, Maurice Jean	Hon. Treasurer	Appointed 21/06/01	Retired 30/09/09 on Board Dissolution, Re-Appointed 01/10/09
Westgarth, Nicholas		Appointed 26/08/09	Retired 30/09/09 on Board Dissolution, Re-Appointed 1/10/09 Resigned 19/10/13
Loverdos-Platis, Anna-Maria		Appointed 01/10/09	
Nicola-Tsigos, Loukia		Appointed 01/10/09	
Mirasyesi-Bernitsa, Domna		Appointed 01/10/09	
Vardinoyannis, Yannis		Appointed 21/01/10	Resigned 15/01/2013
Groves, Richard William Lewis	Vice-Chairman 26/6/12	Appointed 4/10/11	
Peel, Roger Victor		Appointed 4/10/11	
van Iwaarden, Geert		Appointed 4/10/11	Resigned 31/03/13
Tinios, Platon		Appointed 24/04/12	
Carmichael, James		Appointed 20/11/12	Resigned 1/07/13
Sabatakakis, Kyriacos		Appointed 20/11/12	
Spiliopoulos Eliades, Annia		Appointed 1/4/13	
Paleokrassas, George		Appointed 1/4/13	

Key Personnel & Advisors:-

Headmaster:	Peter Armstrong, BEd (Hons) MA (appointed Head 01/03/10 and resigned 31/8/2013) James Stuart Smith, BA (Hons) Oxon (appointed Head 01/09/13)
Company Secretary:	Joint Company Secretary: Mrs Annette Hadjis (appointed 22/3/1994 and resigned 20/11/12) Joint Company Secretary: Mrs Deborah Eleftheriou (appointed 20/11/12) Joint Company Secretary: Tyrolese (Secretarial) Limited (appointed 2/11/11)
Business Manager:	Mr Konstandinos S. Theodosiou (appointed 11/04/11)
Accountant:	Mr Anastasios Koutsoukos (appointed 27/06/11)
School's address:	Leoforos Venizelou 77 Lycovrissi GR141 23 Athens Greece
Website:	www.stcatherines.gr
Registered Office:	66 Lincoln's Inn Fields LONDON WC2A 3LH ENGLAND
Bankers:	HSBC Bank Kifissias Avenue, Kifissia GR145 62 Greece
Solicitors (U.K.):	Farrer & Co LLP 66 Lincoln's Inn Fields LONDON WC2A 3LH ENGLAND
Solicitors (Greece):	C. & S. Dimitriou & Associates 28 Didotou Street ATHENS 106 80 GREECE
Auditors:	Ernst & Young LLP 1 More London Place London, SE1 2AF ENGLAND

Mission Statement

St. Catherine's British School endeavours to foster a love of learning through a well taught, appropriately challenging, 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.

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.

Activities

During the 2012/2013 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 has subsequently been re-inspected in November 2013. Both reports had excellent outcomes and can be found on the school website – 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:
 - Age UK (UK Charity)
 - Association for the Protection and Welfare of Wildlife, ANIMA
 - Caritas Athens Refugee Programme
 - Cerebral Palsy Greece Open Door Charity
 - Estia Girls Orphanage Aghia Paraskevi
 - Every Child (UK Charity)
 - Floga (Cancer Foundation for children)
 - Foundation for the Child "Pammakaristos"
 - Helping Hands (Athens Refugee Ministry)
 - LEPRA Health in Action (UK charity)
 - Make a Wish Foundation
 - Merimna Paidiou
 - Muscular Dystrophy Association Hellas
 - National Association For The Blind
 - Pammakaristos Children's Foundation
 - Smile of the Child (Hamogelo tou Paidiou)
 - Tositsa Foundation for Scholarship to Vasilios Chronis
 - Vision AID (UK Charity)

- Water Aid (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.

Directors' Induction and Training

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.

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 2013 amounted to €3,922, 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 2012-13.

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 (estimated)	1,068

Another example of risk mitigation, on this occasion including a qualitative aspect, is that for the academic year under review, 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 has resulted in a slight decrease in student numbers to 1,067.

The School's bursary scheme in 2012-2013 supported 78pupils (in various percentages) of which 39 were staff children (also in various percentages).

Financial Results

The financial performance for the year 2012-13 was above the budget agreed by the Board.

Total Incoming Resources for the year 2012-2013 were €11,823,462 compared to €11,996,294 for 2011-2012 representing a decrease of €172,832 or 1.4% compared to the year 2011-2012. Pupil numbers decreased by 3% in 2012-13 compared to 2011-12.

Total Resources Used for the year 2012-2013 amounted to €10,365,352 compared to €10,603,759 for 2011-2012 representing a decrease of €238,407 or 2.3% compared to the year 2011-2012.

Bank interest for the year 2012-2013 was €354,559 compared to €427,450 for the year 2011-2012. The decrease was due to the reduction in the loan.

Net Incoming Resources for the year 2012-2013 amounted to €1,458,110 compared to €1,392,535 for 2011-2012 representing an increase of €65,575 or 4.7%.

Net Movement in Funds amounted to €550,606 for the year 2012-2013. This was due to the devaluation of properties by €1,007,000 as well as an actuarial gain of €99,496. The balance carried forward increased to €11,267,691.

Reserves

The School's restricted reserves relate to funds held for specific purposes. At present these are €1,659,683 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.

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 favour a phased development plan in order to prudently manage the associated risks and exposure. 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 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:

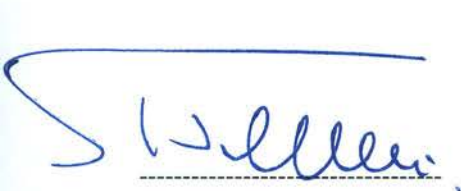
- Remodelling of the School's entrance.
- Renewal of lavatories.
- The conversion of the Caretaker's house into the Lower School Music Room – in the summer of 2013 this work was completed creating a new facility for Lower School Music. It will be formally opened in March 2014 as the "Zambeli Music House".

Approval of the Directors' Report and Financial Statements

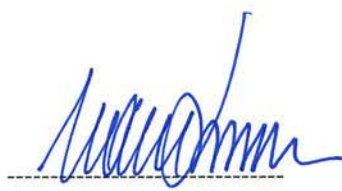
A resolution approving this Directors' Report and the School's Financial Statements for the year ended 31st August 2013 will be put forward at the Board meeting to be held on 27th March 2014.

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Approved by the Board of Directors at its meeting on **27th March 2014** and signed on its behalf by:



Stavros Taki
Chairman



Maurice J Dheere
Hon. Treasurer

ST. CATHERINE'S BRITISH SCHOOL

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' 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 31st August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 12. 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 School'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 School'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 School and the School'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 8, 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 School's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; 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. 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 31st August 2013 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 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 LLP

JI Gordon (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

27 March 2014

ST. CATHERINE'S BRITISH SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st AUGUST 2013

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

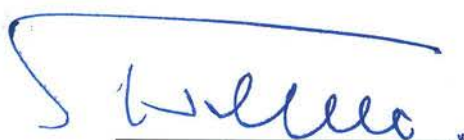
		31-Aug-13	31-Aug-12
	Notes		
Incoming Resources			
Fees Receivable		11,567,628	11,701,815
Other Income		250,072	279,312
Bank Interest		5,762	15,167
Total Incoming Resources		<u>11,823,462</u>	<u>11,996,294</u>
Resources Used			
Direct Charitable Expenditure:			
Staff Costs	2	7,644,792	7,982,426
Educational Consumables		186,897	172,158
Maintenance & Utilities		512,090	492,402
Real Estate, VAT and other Sundry Duties	3	140,756	171,199
General Administration Expenses		617,433	594,116
		<u>9,101,968</u>	<u>9,412,301</u>
Other Expenditure:			
Interest		354,559	427,450
Depreciation	4	555,749	561,548
Bad Debts		353,076	200,000
Normal Taxation		0	2,460
		<u>1,263,384</u>	<u>1,191,458</u>
Total Resources Used		<u>10,365,352</u>	<u>10,603,759</u>
Net Incoming Resources			
Before Other Recognised Gains & Losses		1,458,110	1,392,535
Devaluation of Fixed Assets		(1,007,000)	(2,673,000)
Actuarial gain on Staff Retirement Indemnities	8	99,496	29,684
Net Movement In Funds		<u>550,606</u>	<u>(1,250,781)</u>
Balance Brought Forward at 1 st September		<u>10,717,085</u>	<u>11,967,866</u>
Balance Carried Forward at 31st August		<u>11,267,691</u>	<u>10,717,085</u>

ST. CATHERINE'S BRITISH SCHOOL
BALANCE SHEET AS AT 31st AUGUST 2013

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

	Notes	31-Aug-13	31-Aug-12
Fixed Assets			
Tangible Fixed Assets			
School's Land, Buildings and Equipment	4	17,196,538	18,446,047
Current Assets			
Debtors	5	263,482	337,665
Cash and Banks		4,219,609	4,220,593
		<u>4,483,091</u>	<u>4,558,258</u>
Current Liabilities			
Creditors Due Within 1 Year	6	(2,768,346)	(2,990,040)
Short Term portion of Long term loan	7	<u>(1,150,000)</u>	<u>(1,500,000)</u>
		(3,918,346)	(4,490,040)
Net Current Assets		564,745	68,218
Total Assets Less Current Liabilities		<u>17,761,283</u>	<u>18,514,265</u>
Long Term Liabilities			
Bank Loans	7	(5,800,000)	(6,950,000)
Retirement Benefits	8	<u>(693,592)</u>	<u>(847,180)</u>
		(6,493,592)	(7,797,180)
Total Net Assets		<u>11,267,691</u>	<u>10,717,085</u>
Restricted Funds	9	1,806,425	2,813,425
Unrestricted Funds	9	9,461,266	7,903,660
Total Funds		<u>11,267,691</u>	<u>10,717,085</u>

Approved by the Board of Directors at its meeting on **27th March 2014** and signed on its behalf by:



Stavros Taki
Chairman



Maurice J. Dheere
Hon. Treasurer

ST. CATHERINE'S BRITISH SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st AUGUST 2013

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

	31-Aug-13	31-Aug-12
Net Cash Inflow From Operating Activities	2,161,053	3,042,065
Interest Received	5,762	15,167
Interest Paid	(354,559)	(427,450)
Returns On Investments And Servicing Of Finance	(348,797)	(412,283)
Taxation	0	(2,460)
Capital Expenditure And Financial Investment	(313,240)	(260,146)
Financing		
Repayment of loan	(1,500,000)	(1,150,000)
(Decrease) / Increase In Cash	(984)	1,217,176
Cash and cash equivalents at the beginning of the year	4,220,593	3,003,417
Cash and cash equivalents at the end of the period	4,219,609	4,220,593
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	1,458,110	1,392,535
Interest	348,797	412,283
Real estate property tax	0	2,460
Depreciation	555,749	561,548
Bad debt provision	353,076	200,000
(Decrease) / Increase in provision for retirement indemnities	(54,092)	34,838
(Increase) in debtors	(278,893)	(224,109)
(Decrease) / Increase in creditors - excluding loan	(221,694)	662,510
Net Cash Inflow From Operating Activities	2,161,053	3,042,065

ST CATHERINE'S BRITISH SCHOOL

Notes to the Accounts as at 31st August 2013

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

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. Purchases made in Europe which give rise to a Greek VAT obligation are 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

ST CATHERINE'S BRITISH SCHOOL

Notes to the Accounts as at 31st August 2013

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

past service cost. Actuarial 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 2013 was £1 / €1.171 (31st August 2012: £1 / €1.260). 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 €1,659,683 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.

2. STAFF COSTS

	2012-2013	2011-2012
	€	€
Wages & salaries	5,456,971	5,494,443
Social security costs	1,422,658	1,364,435
Pension contributions	192,249	196,512
Other costs	605,898	927,036
	<u>7,677,776</u>	<u>7,982,426</u>

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2013**

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

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.

	2012-2013	2011-2012
Full-time teaching staff	59	65
Part-time teaching staff	23	22
Teaching assistants	31	27
Administration staff	33	28
Cleaning staff	19	17
Management	10	11
	<u>175</u>	<u>170</u>

Although actual staff numbers increased year on year, fulltime equivalent (FTE) Staff reduced from 149.2 in 2011-2012 to 148.9 in 2012-2013.

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

In the current fiscal year, the School paid various sundry duties and taxes amounting to €140,756 comprising mainly real estate property tax amounting to €59,795 (€59,795 in 2011-2012) and VAT payable to the Greek tax authorities on purchases made within the European Union amounting to €42,252 (€41,668 in 2011-2012). Also included is the special levy on properties, amounting to €17,540 (€49,487 in 2011-2012).

4. TANGIBLE FIXED ASSETS

	Freehold Land	Freehold & Leased Buildings	Furniture & Equipment	Improve- ments	TOTAL
<u>Cost or revaluation:</u>					
At 1st September 2012	14,189,000	6,336,449	2,328,817	649,854	23,504,120
Additions	0	175,780	137,460	0	313,240
Devaluation	(1,007,000)	0	0	0	(1,007,000)
At 31st August 2013	<u>13,182,000</u>	<u>6,512,229</u>	<u>2,466,277</u>	<u>649,854</u>	<u>22,810,360</u>
<u>Depreciation:</u>					
At 1st September 2012	0	2,802,410	1,676,094	579,569	5,058,073
Charge for the year	0	325,464	195,014	35,271	555,749
At 31st August 2013	<u>0</u>	<u>3,127,874</u>	<u>1,871,108</u>	<u>614,840</u>	<u>5,613,822</u>
<u>Net book value:</u>					
At 31st August 2013	<u>13,182,000</u>	<u>3,384,355</u>	<u>595,169</u>	<u>35,014</u>	<u>17,196,538</u>
At 31st August 2012	<u>14,189,000</u>	<u>3,534,039</u>	<u>652,723</u>	<u>70,285</u>	<u>18,446,047</u>

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2013**

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

In August 2013 a valuation of freehold land was conducted by an external valuer. 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 €13,182,000. This resulted in a devaluation of €1,007,000 which reduced the revaluation reserve created in previous years of €2,666,683 at 31st August 2012 to €1,659,683 at 31st August 2013.

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

5. DEBTORS

	2012-2013	2011-2012
	€	€
Fees, net of provision for doubtful accounts of €818,709 as at 31 st August 2013 (2012: €465,632)	111,986	147,962
Guarantees	41,233	41,233
Other debtors	8,433	18,577
Prepaid expenses (a)	101,830	129,893
	<u>263,482</u>	<u>337,665</u>

- (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.

6. CREDITORS: Due within one year

	2012-2013	2011-2012
	€	€
Trade creditors	168,783	186,722
Reservation deposits (a)	1,497,886	1,583,879
Sundry creditors	119,575	164,483
Taxes & social security	310,911	374,756
Accruals	671,191	680,200
	<u>2,768,346</u>	<u>2,990,040</u>

- (a) The School received part of the annual fees in advance (€1,497,886) for the next school year.

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2013**

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

7. 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:

	2012-2013	2011-2012
	€	€
Due within one year (short term portion)	1,150,000	1,500,000
Due within two to five years	5,800,000	6,950,000
	6,950,000	8,450,000

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 1.45 for the year ended 31st August 2012 (greater than or equal to 1.10 for the year ended 31st August 2013) ;
- The Debt to Equity ratio is less than 90% for the year ended 31st August 2012 and 2013.

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 31st August 2013 was a €112,530 liability (31st August 2012 was a €207,427 liability).

Furthermore the bank has confirmed the School's compliance with the terms and conditions of the loan agreement as of 31st August 2013.

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2013**

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

8. 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 31st August 2013 is as follows:

Net liability recognised in the Balance Sheet	2012-2013	2011-2012
	€	€
Present value of defined benefit obligation	693,592	847,180
Net liability	693,592	847,180
Actuarial assumptions	2012-2013	2011-2012
	%	%
Rate of salary increases	3.0%	3.0%
Discount rate	3.4%	2.4%
Average price inflation	2.0%	2.0%
Net expense recognised in the Statement of Financial Activities	2012-2013	2011-2012
	€	€
Service cost component	77,283	84,615
Interest cost component	20,332	28,629
Expected return on plan assets	-	-
Termination benefits	(8,190)	(13,382)
	89,425	99,862
Other recognised gains and losses recognised in the Statement of Financial Activities	2012-2013	2011-2012
	€	€
Actuarial (gains)	(99,496)	(29,684)
	(99,496)	(29,684)
Change in the present value of the defined benefit obligation	2012-2013	2011-2012
	€	€
Present value of defined benefit obligation as at 1 st September	847,180	842,026
Service cost component	77,283	84,615
Interest cost component	20,332	28,629
Termination benefits	(8,190)	(13,382)
Less: Benefits paid	(143,517)	(65,024)
Actuarial (gains)	(99,496)	(29,684)
Present value of defined benefit obligation as at 31st August	693,592	847,180

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2013**

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

The cumulative actuarial (gains)/losses taken to the statement of other recognised gains and losses at 31st August 2013 were gains of €760 (2012: €98,736 losses).

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

	2012-2013	2011-2012
	€	€
Land Revaluation Reserve	1,659,683	2,666,683
School Reserves	146,742	146,742
	<u>1,806,425</u>	<u>2,813,425</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 31st August 2013 unrestricted reserves amounted to €9,461,266 (2012: €7,903,660).

10. RELATED PARTY TRANSACTIONS

There are no related party transactions.

11. CONTRACTS AND COMMITMENTS

The Annex building was leased by the School for a period of four years from 1st September 2010 with an option to renew after four years. The Annex building leasehold agreement commenced on 1st November 2010. Additionally, the School has an agreement with Tositsa Foundation for the use of a field across the road from the main School grounds, which was renewed as from 1st August 2011. The lease commitments of the School for these leases are summarised below as follows:

	2012-2013	2011-2012
	€	€
Expiring within one year	94,988	67,826
1 to 2 years	31,192	94,988
2 to 3 years	0	31,192
	<u>126,180</u>	<u>194,006</u>

12. 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.