

ST. CATHERINE'S BRITISH SCHOOL
ANNUAL REPORT
FOR THE YEAR ENDED 31st AUGUST 2012





ST CATHERINE'S BRITISH SCHOOL

(A company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31st AUGUST 2012

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 2011 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
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
Verney, Susanna		Appointed 21/01/10	Resigned 22/03/2012
Arapoglou, Evita		Appointed 21/01/10	Resigned 12/02/2012
Richard William Lewis Groves	Vice-Chairman 26/6/12	Appointed 4/10/11	
Peel, Roger Victor		Appointed 4/10/11	
Geert Van Iwaarden		Appointed 4/10/11	Resigned 31/3/13
Tinios, Platon		Appointed 24/04/12	
Carmichael, James		Appointed 20/11/12	
Kyriacos Sabatakakis		Appointed 20/11/12	
Annia Spiliopoulos Eliades		Appointed 1/4/13	
George Paleokrassas		Appointed 1/4/13	

For a number of years, Governors were appointed by an "Appointing Body" comprising the Ambassadors of Britain, Australia and Canada. This changed in April 2011 due to the fact that the Governments of Australia and Canada informed the School that their replacement incoming Ambassadors would not be permitted to perform this role. This left the British Ambassador as the only remaining member of the group, but the School's Articles of Association did not allow the British Ambassador to operate alone.

The need to restructure was therefore forced upon the School and as a result, the Board had put in place measures to allow for the appointment of Governors. The new Articles of Association will serve the School well and ensure that it remains faithful to the guidelines set out under the Charity Commission. The new articles allow for the broadening of the nationalities represented on the Board and strengthening the range of skills within the Governing Body. The new Articles of Association were reviewed by the Charity Commission before they were adopted and came into effect on 29th May 2012.

On the 31st of August 2012 the School changed its name from St. Catherine's British Embassy School to St. Catherine's British School.

Key Personnel & Advisors:-

Headmaster:	Peter Armstrong, BEd (Hons) MA (appointed Head 01/03/10)
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: Trusec Ltd (appointed 18/5/09 and resigned 26/11/11) New Joint Company Secretary: Tyrolese (Secretarial) Limited (appointed 2/11/11)
Business Manager:	Mr Konstandinos S. Theodosiou (appointed 11/4/11)
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

Pantazis-Kanellopoulos & Partners
67 Akti Miaouli,
PIREAEUS, 185 37
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. We strive to provide an environment that respects all cultures, promotes excellence and encourages all to reach their full potential. Our goal is to create lifelong learners and responsible global citizens.

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.

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:
 - Association for the Blind
 - Caritas Athens Refugee Centre
 - Christchurch Earthquake Appeal
 - Centre des Jeunes Bankim - Cameroun
 - Foundation For the child 'Pammakaristos'
 - Macmillan Cancer Support
 - Make A Wish Foundation
 - Muscular Dystrophy Association
 - Friends of the Child (OI Filoi tou Paidiou)
 - SOS Children's Villages (Paidika Choria SOS)
 - PIKPA Pentelis
 - Theotokos Foundation (Idrima Prostrasias Aprosarmoston Paidion)
 - Tositsa Foundation
 - UCL Hospital (for Leukaemia & Lymphoma Unit) in memory of parent Maria Los Pithis
 - Uganda Rural Fund

Activities

During the 2011/2012 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 12th January 2011, the School received the report of its inspection by the Independent Schools Inspectorate (I.S.I.). As a result, the School has now been granted full membership of the Council of British International Schools (COBIS). The report can be found on 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.

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 2012 amounted to €1,916, 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.

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.

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 impose additional risk factors and 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.

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

Another example of risk mitigation, on this occasion including a qualitative aspect, is that for the next academic year 2012/13 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 2011-2012 supported 74 pupils (in various percentages) of which 45 were staff children (also in various percentages).

Financial Results

The financial performance for the year 2011-12 was above the budget agreed by the Board.

Total Incoming Resources for the year 2011-2012 were €11,996,294 compared to €10,880,430 for 2010-2011 representing an increase of €1,115,864 or 10.3% compared to the year 2010-2011. Pupil numbers increased by 6.8% in 2011-12 compared to 2010-11.

Total Resources Used for the year 2011-2012 amounted to €10,603,759 compared to €9,449,689 for 2010-2011 representing an increase of €1,154,070 or 12.2% compared to the year 2010-2011.

Bank interest for the year 2011-2012 was €427,450 compared to €487,569 for the year 2010-2011. The decrease was due to the reduction in the loan.

Net Incoming Resources for the year 2011-2012 amounted to €1,392,535 compared to €1,430,741 for 2010-2011 representing a decrease of €38,206.

Net Movement in Funds was a decrease of €1,250,781 for the year 2011-2012. This was due to the devaluation of properties by €2,673,000 as well as an actuarial gain of €29,284. The balance carried forward decreased to €10,717,084.

Reserves

The School's restricted reserves relate to funds held for specific purposes. At present these are €2,666,683 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 December 2010 the School successfully completed the internal fit-out of the Annex building (re-named the Warren-Tutte Building) which is now in full operation. The building is leased by the School for a period of four years with options to renew after four and eight years. The building was procured by the School to meet the business plan requirements until the Macsolar property could be fully developed. Three other areas of the School were totally refurbished including replacement of infrastructure. These were:

- The year one teaching area comprising five classrooms and shared teaching areas
- The music and ICT areas (comprising four classrooms)
- The outdoor 'play based learning' area

On January 2011 the School received approval for the Single Implementation Act, agreeing the terms of the re-zoning of the property into the new town plan, in relation to the Macsolar land 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 Senior Management Team of the School have considered different development options for the Macsolar property. The present plan is to accommodate the four senior year groups of the School plus a learning resource centre and library, as well as a theatre. Three firms of architects were short listed to compete for the design contract. It is envisaged that the development of both sites (current and Macsolar) will be completed in tandem. The length of this program 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. The School is therefore reviewing its decision to proceed with the development of the Macsolar. When the School considers it is appropriate to proceed with the Macsolar development plan it will favour a staged 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 reviewing its decision to re-zone the Macsolar property due to current legislative changes and within the constraints of the current economic conditions before it proceeds.

The School is carefully considering the funding needs of its capital expenditure programme primarily through its own internally generated funds, donations, and if considered prudent and it is available, 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:

- Major renovation of the Canteen including roofing, air conditioning and décor.
- Replacement of a wall on the side entrance of the School due to damage caused by nearby tree roots including a new sliding door and security entrance.
- Tositsa sports fields. The removal of a cement sandpit (due to Health and Safety requirement) by the entrance to the tennis courts, the creation of a new stamped concrete seating area (approximately 100 square meters) and garden landscaping.

Prior to the preparation of this report, the School has also made the following improvements.

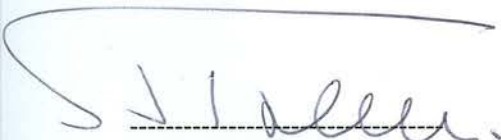
- Remodelling of the School's entrance.
- Renewal of lavatories.

Approval of the Directors' Report and Financial Statements

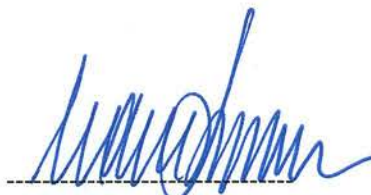
A resolution approving this Directors' Report and the School's Financial Statements for the year ended 31st August 2012 will be put forward at the Board meeting to be held on 16th May 2013.

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Approved by the Board of Directors at its meeting on 16th May 2013 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 2012, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flow and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 auditors

As described in the Statement of Directors' Responsibilities, the School's Directors are responsible for the preparation of the financial statements and the annual report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Director's Report is consistent with the financial statements.

In addition, we also report to you if, in our opinion, the School has not kept adequate accounting records, if the School's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law is not made.

We read the Directors' Report, and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and disclosures made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

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

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the state of affairs of the School as at 31st August 2012 and of its incoming resources and applications of resources, including its income and expenditure for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the Companies Act 2006; and
- The information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

JI Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London

23 May 2013

ST. CATHERINE'S BRITISH SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st AUGUST 2012

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

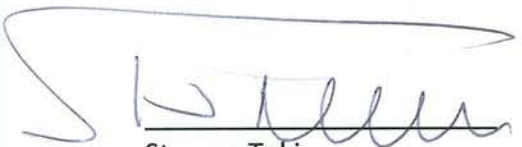
		31-Aug-12	31-Aug-11
	Notes		
Incoming Resources			
Fees Receivable		11,701,815	10,631,631
Other Income		279,312	236,926
Bank Interest		15,167	11,873
Total Incoming Resources		11,996,294	10,880,430
Resources Used			
Direct Charitable Expenditure:			
Staff Costs	2	7,982,426	6,896,872
Educational Consumables		172,158	183,621
Maintenance & Utilities		492,402	527,370
Real Estate, VAT and other Sundry Duties	3	171,199	103,301
General Administration Expenses		594,116	576,950
		9,412,301	8,288,114
Other Expenditure:			
Interest		427,450	487,569
Depreciation	4	561,548	552,146
Bad Debts		200,000	120,000
Normal Taxation		2,460	1,860
		1,191,458	1,161,575
Total Resources Used		10,603,759	9,449,689
Net Incoming Resources before other recognised gains & losses			
		1,392,535	1,430,741
Devaluation of Fixed Assets		(2,673,000)	(2,807,084)
Actuarial gain / (loss) on Staff Retirement Indemnities		29,684	(231,999)
Net Movement In Funds		(1,250,781)	(1,608,342)
Balance Brought Forward at 1 st September		11,967,866	13,576,208
Balance Carried Forward at 31st August		10,717,085	11,967,866

ST. CATHERINE'S BRITISH SCHOOL
BALANCE SHEET AS AT 31st AUGUST 2012

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

	Notes	31-Aug-12	31-Aug-11
Fixed Assets			
Tangible Fixed Assets			
School's Land, Buildings and Equipment	4	18,446,047	21,420,449
Current Assets			
Debtors	5	337,665	313,556
Cash and Banks		4,220,593	3,003,417
		4,558,258	3,316,973
Current Liabilities			
Creditors Due Within 1 Year	6	(2,990,040)	(2,327,530)
Short Term portion of Long term loan	7	(1,500,000)	(1,150,000)
		(4,490,040)	(3,477,530)
Net Current Assets / (Liabilities)		68,218	(160,557)
Total Assets Less Current Liabilities		18,514,265	21,259,892
Long Term Liabilities			
Bank Loans	7	(6,950,000)	(8,450,000)
Retirement Benefits	8	(847,180)	(842,026)
		(7,797,180)	(9,292,026)
Total Net Assets		10,717,085	11,967,866
Restricted Funds	9	2,813,425	5,486,425
Unrestricted Funds	9	7,903,660	6,481,441
Total Funds		10,717,085	11,967,866

Approved by the Board of Directors at its meeting on 16th May 2013 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 2012

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

	31-Aug-12	31-Aug-11
Net Cash Inflow From Operating Activities	3,042,065	2,978,489
Interest Received	15,167	11,873
Interest Paid	(427,450)	(487,569)
Returns On Investments And Servicing Of Finance	(412,283)	(475,696)
Taxation (Real Estate Property Tax)	(2,460)	(1,860)
Capital Expenditure And Financial Investment	(260,146)	(1,009,294)
Financing		
Repayment of loan	(1,150,000)	(700,000)
Inflow from short term borrowing		
Increase In Cash	1,217,176	791,639
Cash and cash equivalents at the beginning of the year	3,003,417	2,211,778
Cash and cash equivalents at the end of the period	4,220,593	3,003,417
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	1,392,535	1,430,741
Interest	412,283	475,696
Real estate property tax	2,460	1,860
Depreciation	561,548	552,146
Bad debt provision	200,000	120,000
Increase / (Decrease) in provision for retirement indemnities	34,838	73,622
(Increase) in debtors	(224,109)	(58,867)
Increase in creditors (excluding loan)	662,510	383,291
Net Cash Inflow From Operating Activities	3,042,065	2,978,489

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 5% for buildings and estate, 10% for general improvements, 10% for furniture and equipment items, and 33 1/3% 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 educational consumables 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 2012

(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 2012 was £1 / €1.260 (31st August 2011: £1 / €1.130). 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 €2,666,683 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

	2011-2012	2010-2011
	€	€
Wages & salaries	5,494,443	5,088,212
Social security costs	1,364,435	1,198,548
Pension contributions	196,512	185,762
Other costs	927,036	424,350
	<u>7,982,426</u>	<u>6,896,872</u>

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2012**

(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.

	2011-2012	2010-2011
Full-time teaching staff	65	61
Part-time teaching staff	22	16
Teaching assistants	27	25
Administration staff	28	20
Cleaning staff	17	17
Management	11	10
	<u>170</u>	<u>149</u>

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

In the current fiscal year, the School paid various sundry duties and taxes amounting to €171,199 comprising mainly real estate property tax amounting to €59,795 (€59,795 in 2010-2011) and VAT payable to the Greek tax authorities on purchases made within the European Union amounting to €41,668 (€36,971 in 2010-2011). Also included is a new levy, special Levy on properties, amounting to €49,487 (€0 in 2010-2011) that was paid for the first time.

4. TANGIBLE FIXED ASSETS

	Freehold Land	Freehold & Leased Buildings	Furniture & Equipment	Improvements	TOTAL
<u>Cost or revaluation:</u>					
At 1st September 2011	16,862,000	6,260,066	2,145,054	649,854	25,916,974
Additions	0	76,383	183,763	0	260,146
Devaluation	(2,673,000)	0	0	0	(2,673,000)
At 31st August 2012	<u>14,189,000</u>	<u>6,336,449</u>	<u>2,328,817</u>	<u>649,854</u>	<u>23,504,120</u>
<u>Depreciation:</u>					
At 1st September 2011	0	2,485,658	1,475,912	534,955	4,496,525
Charge for the year	0	316,752	200,182	44,614	561,548
At 31st August 2012	<u>0</u>	<u>2,802,410</u>	<u>1,676,094</u>	<u>579,569</u>	<u>5,058,073</u>
<u>Net book value:</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>
At 31st August 2011	<u>16,862,000</u>	<u>3,774,408</u>	<u>669,142</u>	<u>114,899</u>	<u>21,420,449</u>

In July 2012 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

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

possession and not considering any business aspect. The School's land was valued at €14,189,000. This resulted in a devaluation of €2,673,000 which reduced the revaluation reserve of €5,339,683 that had been created in previous years.

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

5. DEBTORS

	2011-2012	2010-2011
	€	€
Fees, net of provision for doubtful accounts of €465,632 as at 31st August 2012 (2011: €265,632)	147,962	102,115
Guarantees	41,233	41,233
Other debtors	18,577	3,425
Prepaid expenses (a)	129,893	166,783
	<u>337,665</u>	<u>313,556</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

	2011-2012	2010-2011
	€	€
Trade creditors	186,722	252,431
Reservation deposits (a)	1,583,879	1,445,887
Sundry creditors	164,483	128,077
Taxes & social security	374,756	300,757
Accruals	680,200	200,378
	<u>2,990,040</u>	<u>2,327,530</u>

- (a) The School received part of the annual fees in advance (€1,583,879) for the next school year.

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(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:

	2011-2012	2010-2011
	€	€
Due within one year (short term portion)	1,500,000	1,150,000
Due within two to five years	6,950,000	8,450,000
Due over five years	0	0
	<u>8,450,000</u>	<u>9,600,000</u>

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 includes the following terms:

- An additional payment of €350,000 is made in April 2013;
- The excess cash clause is 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 2012 was a €207,427 liability (31st August 2011 was a €143,444 liability).

Furthermore the bank has confirmed the School's compliance with the terms and conditions of the loan agreement as of 31st August 2012.

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(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 2012 is as follows:

Net liability recognised in the Balance Sheet	2011-2012	2010-2011
	€	€
Present value of defined benefit obligation	847,180	842,026
Net liability	847,180	842,026
Actuarial assumptions	2011-2012	2010-2011
	%	%
Rate of salary increases	3.0%	3.0%
Discount rate	2.4%	3.4%
Average price inflation	2.0%	2.0%
Net expense recognised in the Statement of Financial Activities	2011-2012	2010-2011
	€	€
Service cost component	84,615	66,795
Interest cost component	28,629	19,329
Expected return on plan assets	-	-
Termination benefits	(13,382)	(6,318)
	99,862	79,806
Other recognised gains and losses recognised in the Statement of Financial Activities	2011-2012	2010-2011
	€	€
Actuarial (gains)/ losses	(29,684)	231,999
	(29,684)	231,999
Change in the present value of the defined benefit obligation	2011-2012	2010-2011
	€	€
Present value of defined benefit obligation as at 1 st September	842,026	536,405
Service cost component	84,615	66,795
Interest cost component	28,629	19,329
Termination benefits	(13,382)	(5,805)
Less: Benefits paid	(65,024)	(6,697)
Actuarial (gains)/losses	(29,684)	231,999
Present value of defined benefit obligation as at 31st August	847,180	842,026

ST CATHERINE'S BRITISH SCHOOL**Notes to the Accounts as at 31st August 2012**

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

The cumulative actuarial losses/(gains) taken to the statement of other recognised gains and losses at 31st August 2012 were losses of €98,736 (2011: €128,420 losses).

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

	2011-2012	2010-2011
	€	€
Land Revaluation Reserve	2,666,683	5,339,683
School Reserves	146,742	146,742
	<u>2,813,425</u>	<u>5,486,425</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 2012 unrestricted reserves amounted to €7,903,660 (2011: €6,481,441).

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. A third property is also leased which expires 1st April 2013. The lease commitments of the School for these leases are summarised below as follows:

	2011-2012	2010-2011
	€	€
Expiring within one year	67,826	43,352
1 to 2 years	94,988	92,936
2 to 3 years	31,192	90,388
3 to 4 years	0	31,192
	<u>194,006</u>	<u>257,868</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.