

ST. CATHERINE'S BRITISH SCHOOL
ANNUAL REPORT
FOR THE YEAR ENDED 31st AUGUST 2010





ST CATHERINE'S BRITISH EMBASSY SCHOOL

(A company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31st AUGUST 2010

Status and Administration

St Catherine's British Embassy 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 2009 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
Williams, Gareth		Appointed 05/06/08	Retired 30/09/09 on Board Dissolution, Re-Appointed 01/10/09 Resigned 23/02/10
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	
Wurzner, Hanno		Appointed 01/10/09	
Vardinoyannis, Yannis		Appointed 21/01/10	
Verney, Susanna		Appointed 21/01/10	
Arapoglou, Evita		Appointed 21/01/10	
Kokkineas, Athanassios	Vice-Chairman	Appointed 31/07/01	Retired 30/09/09 on Board Dissolution
Konialidis-Katsikis, Catherine		Appointed 05/06/08	Retired 30/09/09 on Board Dissolution
Lavidas, Vana		Appointed 18/09/07	Retired 30/09/09 on Board Dissolution
Lemos, Adamantios		Appointed 05/06/08	Retired 30/09/09 on Board Dissolution
Miles, Helen		Appointed 25/02/09	Retired 30/09/09 on Board Dissolution
Star, Arnoud		Appointed 20/09/07	Retired 30/09/09 on Board Dissolution

In accordance with the Articles of Association, the Directors are appointed and removed by the Guardians of the School, who are the current British, Australian and Canadian Ambassadors, in Greece. The Articles further provide for the retirement of Directors on the fourth anniversary of their appointment date and sets a limitation of re-appointment to two additional four-year terms. The Articles provide that Directors holding an executive office are subject to retirement on the sixth anniversary of their most recent appointment and sets a limitation of re-appointment to one additional six-year term. Previously those Directors holding an executive office were not subject to retirement. The Articles enable the Directors to appoint non-governors from amongst the parent body and staff, to various sub-committees.

Key Personnel & Advisors:-

Headmaster:	Peter Armstrong, BEd (Hons) MA - Appointed Head 01/03/10 Stuart Bond, PhD - Appointed Interim Head 04/09/09 - 01/03/10 Ronald Morton, BEd (Hons) MA - Retired 04/09/09
Company Secretary:	Mrs Annette Hadjis Joint Company Secretary: Trusec Ltd (appointed 18/5/09)
Business Manager:	Mr Konstandinos Theodosiou-Sotirakis – Appointed 11/04/11
Accountant:	Mrs Georgia Karniavoura - Appointed 07/01/09
School's address:	Leoforos Venizelou 77, Lycovrissi GR141 23, Athens, Greece
Website:	www.stcatherines.gr
Registered Office:	2 Lambs Passage, London EC1Y 8BB, England
Bankers:	HSBC Bank Kifissias Avenue, Kifissia GR145 62, Greece
Solicitors (U.K.):	Slaughter & May 1 Bunhill Row, London EC1Y 8YY, England
Solicitors (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

The mission of the School is to be a community where the learner may freely aspire to the highest levels of intellectual, creative and emotional understanding. The School recognizes and supports learning as a unique and personal process through which individuals are able to acquire knowledge, deepen understanding and thereby take responsibility for their own lifelong development. All members of the School should have integrity and be open-minded towards the variety of cultures and attitudes within the School and thereby ultimately become responsible global citizens. Through the encouragement of participation in all aspects of school life and the celebration of creative, active, academic and caring endeavours, the School aims to foster a sense of community that provides a constant source of inspiration, self-belief and confidence for its pupils. The School aims to encourage independent life-long learning. Its teaching is about nurturing critical and constructive thinking. It is about preparing young people towards making a contribution to one's community and society in an ever-changing world.

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:
 - a) Ghana Project, Africa;
 - b) Muscular Dystrophy (Hellas);
 - c) Smile of the Child (Hellas);
 - d) Estia Girls Hellas (Greek Girls' Home/Orphanage)
 - e) Haiti Relief
 - f) HOPE (Hellas)
 - g) Green Action (Africa)
 - h) Citizens for Africa
 - i) Hellenic Ministries
 - j) Filozoikos Sylogos (Animal Welfare, Greece)
 - k) Athens "Attiko Zoo"

Activities

During the 2009/2010 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, 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.

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 every three years. The day to day management of the School is delegated to the Headmaster.

In accordance with the powers vested in them, on 30th September 2009 the Appointing Body dissolved the Board and all the Governors were asked to retire in an effort to renew the Board. On 1st October 2009 the Board was re-constituted with four of the former Governors and four new Governors. Three more Governors were added on 21st January 2010. On 23rd February 2010 one Governor resigned.

Directors' Induction and Training

Directors are appointed by the Appointing Body. Upon appointment a Director receives a detailed file with the School's constitution, its corporate documentation and its by-laws. An induction and training programme for Governors has been approved and is scheduled for the academic year 2010-11.

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 re-covered from the School. The amount of Directors' expenses in the financial year ended 31 August 2010 amounted to €148, being reimbursement of taxi fares and child-minding services, to enable the Director concerned, 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 (Years 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 and to high inflation. The most significant overhead relates to staff costs. Staff pay 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 financial obligations and covenants associated with the loan obtained from HSBC Bank Plc in July 2009 impose additional risk factors 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. A recent 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 new academic year 2010-11 and similarly, staff pay awards were kept at the same levels.

Review

The School has been successfully implementing its strategy of growth and continuous improvement. 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	1,060 (expected)

The School's bursary scheme in 2009-2010 supported 62 pupils (in various percentages) of which 38 were staff children.

Financial Results

The financial performance for the year 2009-2010 was above the budget agreed by the Board.

Total Incoming Resources for the year 2009-2010 were €9,849,000 compared to €8,855,000 for 2008-2009 representing an increase of €994,000 or 11.2% compared to the year 2008-2009. Pupil numbers increased by 5.4% in 2009-2010 compared to 2008-2009.

Total Resources Used for the year 2009-2010 were €8,920,000 compared to €7,844,000 for 2008-2009 representing an increase of €1,076,000 or 13.7% compared to the year 2008-2009.

Bank interest of €461,000 was charged in 2009-2010 compared to €128,000 for the year 2008-2009. The additional interest charge of €333,000 was due to the new loan for the acquisition of the Macsolar property which was drawn in July 2009.

Net Incoming Resources for the year 2009-2010 were €929,000 compared to €1,011,000 for 2008-2009 representing a decrease of €82,000.

Net Movement in Funds increased was €1,069,000 for the year 2010-2009. The balance carried forward increased to €13,577,000.

Reserves

The School's restricted reserves relate to funds held for specific purposes. At present these are €8,147,000 held under Land Revaluation Reserve, €75,000 held under School Reserve and €72,000 under Development 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 accountant produces cash flow statements for each end of term in order to monitor the performance compared to the budget. The cash flow statements are reviewed by the Board and the Headmaster.

Development Plans

In January 2011 the School received approval for the Single Implementation Act, agreeing the terms of the rezoning of the property into the new town plan, in relation to the Macsolar land acquired in 2009.

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

In December 2010 the School successfully completed the internal fit-out of the Annex 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 Annex building was procured by the School to meet the business plan requirements until the Macsolar property can be fully developed.

In March 2011 the School submitted to an unrelated party a letter of intent for the purchase of a nearby property of approximately 12,000 square metres of building and approximately 30,000 square metres of land. The tender process for this property is underway, but it is expected to take several months before a final decision is required pending due diligence.

The School intends to fund any further capital expenditure through donations, and if required and considered prudent, through increased bank borrowing.

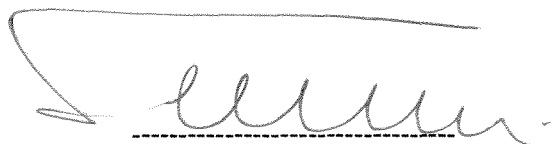
The School does not intend to grow beyond the present business plan capacity.

Auditors

A resolution proposing the reappointment of Ernst & Young LLP as auditors to the School will be put forward at the Board meeting approving this directors' report and the financial statements for the year ended 31st August 2010.

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Approved by the Board of Directors at its meeting on 3rd May 2011 and signed on its behalf by:

A handwritten signature in dark ink, consisting of a large, sweeping initial 'S' followed by several loops and a final horizontal stroke.

Stavros Taki
Chairman

A handwritten signature in dark ink, featuring a stylized 'M' and 'D' with several loops and a final horizontal stroke.

Maurice J Dheere
Hon. Treasurer

ST. CATHERINE'S BRITISH EMBASSY 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 AUDITORS' REPORT TO THE MEMBERS OF ST. CATHERINE'S
BRITISH EMBASSY SCHOOL

We have audited the financial statements of St. Catherine's British Embassy School for the year ended 31st August 2010, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and 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 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 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) and for being satisfied that the information gives a true and fair view.

Our responsibility is to audit 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 Practice, 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 Directors' 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 misstatements 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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

In our opinion:

- The financial statements give a true and fair view of the state of affairs of the School as at 31st August 2010 and of its incoming resources and application 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.



JI Gordon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London
4 May 2011

ST. CATHERINE'S BRITISH EMBASSY SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st AUGUST 2010

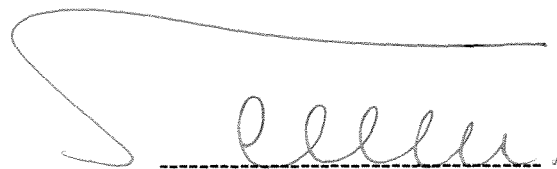
(All amounts in tables and notes are presented in thousands of € unless otherwise stated)

		2009-2010 € ' 000	2008-2009 € ' 000
	Notes		
<u>INCOMING RESOURCES</u>			
Fees Receivable		9,725	8,758
Other Income		106	76
Bank Interest		18	21
Total Incoming Resources		9,849	8,855
<u>RESOURCES USED</u>			
Direct Charitable Expenditure:			
Staff Costs	2	6,245	5,970
Educational Consumables		179	199
Maintenance & Utilities		514	395
General Administration Expenses		801	517
		7,739	7,081
Other Expenditure:			
Bank Interest		461	128
Depreciation	4	523	553
Bad Debts		114	57
Real Estate / Income tax	3	83	25
		1,181	763
Total Resources Used		8,920	7,844
NET INCOMING RESOURCES - before other recognised gains and losses		929	1,011
Actuarial gains/(losses) on staff retirement indemnities		140	(47)
NET MOVEMENT IN FUNDS		1,069	964
Balance brought forward at 1st September		12,508	11,544
Balance carried forward at 31st August		13,577	12,508

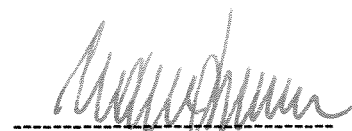
ST. CATHERINE'S BRITISH EMBASSY SCHOOL**BALANCE SHEET AS AT 31st AUGUST 2010**

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

	Notes	2009-2010 € ' 000	2008-2009 € ' 000
FIXED ASSETS			
Tangible Fixed assets			
School's land, buildings and equipment	4	23,770	23,958
CURRENT ASSETS			
Debtors	5	375	141
Cash and Cash Equivalents		2,212	1,863
		<u>2,587</u>	<u>2,004</u>
CURRENT LIABILITIES			
Creditors due within 1 year	6	(2,644)	(2,306)
NET CURRENT LIABILITIES		<u>(57)</u>	<u>(302)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>23,713</u>	<u>23,656</u>
LONG TERM LIABILITIES			
Bank Loan	7	(9,600)	(10,300)
Retirement Benefits	8	(536)	(848)
		<u>(10,136)</u>	<u>(11,148)</u>
<u>TOTAL NET ASSETS</u>		<u>13,577</u>	<u>12,508</u>
RESTRICTED FUNDS			
Land Revaluation Reserve		8,147	8,147
School Reserve		75	75
Development Reserve		72	72
		<u>8,294</u>	<u>8,294</u>
<u>UNRESTRICTED FUNDS</u>	9	5,283	4,214
<u>TOTAL FUNDS</u>		<u>13,577</u>	<u>12,508</u>

Approved by the Board of Directors at its meeting on 3rd May 2011 and signed on its behalf by:


Stavros Taki
Chairman



Maurice J. Dheere
Hon. Treasurer

ST. CATHERINE'S BRITISH EMBASSY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st AUGUST 2010

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

	2009-2010 € ' 000	2008-2009 € ' 000
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,910	2,135
Interest Received	18	21
Interest Paid	(461)	(128)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(443)	(107)
TAXATION (real estate property tax)	(83)	(25)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(335)	(11,625)
FINANCING		
Repayment of loan	(700)	-
Inflow from borrowing	-	11,000
INCREASE IN CASH	349	1,378
Cash and cash equivalents at the beginning of the year	1,863	485
Cash and cash equivalents at the end of the year	2,212	1,863
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	929	1011
Interest	443	107
Real estate property tax	83	25
Depreciation	523	553
Increase in bad debt provision	114	57
(Decrease) / increase in provision for retirement indemnities	(172)	153
(Increase) /decrease in debtors	(348)	75
Increase in creditors	338	154
	1,910	2,135

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. Development funds are treated as income in the year they are received.

d) Expenditure

Expenditure, inclusive of irrevocable V.A.T. is reflected in the accompanying accounts by nature.

e) Pension 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 other staff are 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 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 2010 was £1 / €1.212 (2009: £1 / €1.346).

ST CATHERINE'S BRITISH EMBASSY SCHOOL

Notes to the Accounts as at 31st August 2010

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

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. 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 €8,147,000 held under Land Revaluation Reserve, €75,000 held under School Reserve and €72,000 under Development 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.

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

	2009-2010	2008-2009
	€ ' 000	€ ' 000
Wages & salaries	4,490	4,291
Social security costs	1,038	969
Pension contributions	230	251
Other costs	487	459
	<u>6,245</u>	<u>5,970</u>

The Directors received no remuneration or reimbursement of expenses during the year. There is no employee whose emoluments exceeded €75,000.

ST CATHERINE'S BRITISH EMBASSY SCHOOL**Notes to the Accounts as at 31st August 2010**

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

The average monthly number of full time employees during the year is shown below. In addition the School uses the services of part-time employed personnel, in order to cover short-term needs.

	2009-2010	2008-2009
Full-time teaching staff	63	63
Part-time teaching staff	17	12
Teaching assistants	15	12
Administration staff	13	13
Caretaker staff	16	17
Management	10	10
	<u>134</u>	<u>127</u>

3. REAL ESTATE PROPERTY TAX

In the current fiscal year, the School paid real estate property tax amounting to €83,000. The real estate property tax for 2010 was €60,000, the additional property tax for 2009 was €7,000 and €16,000 was paid in settlement of prior years. The School, being under the obligation to submit annual real estate fee tax for immovable property took advantage of the tax amnesty law 3763/2009 in October 2009 and settled the real estate tax returns filed for the years 1997-2007, accepting a deemed tax determination amounting to €16,000, without undergoing a tax audit.

4. TANGIBLE FIXED ASSETS

	Freehold Land	Freehold Buildings	Improvements	Furniture & Equipment	TOTAL
<u>Cost or revaluation:</u>					
At 1st September 2009	19,594	5,499	637	1,649	27,379
Additions	65	22	11	237	335
At 31st August 2010	<u>19,659</u>	<u>5,521</u>	<u>648</u>	<u>1,886</u>	<u>27,714</u>
<u>Depreciation:</u>					
At 1st September 2009	-	1,915	386	1,120	3,421
Charge for the year	-	262	83	178	523
At 31st August 2010	-	<u>2,177</u>	<u>469</u>	<u>1,298</u>	<u>3,944</u>
<u>Net book value:</u>					
At 31st August 2010	<u>19,659</u>	<u>3,344</u>	<u>179</u>	<u>588</u>	<u>23,770</u>
At 31st August 2009	<u>19,594</u>	<u>3,584</u>	<u>251</u>	<u>529</u>	<u>23,958</u>

On 25th May 2009 the School acquired land inclusive of a factory building within close proximity of its current premises from Macsolar ABEE Company. The total acquisition costs amounted to €11,364,000. The School obtained a loan from HSBC Bank plc dated 29th June 2009 for an amount of €11,000,000 covering the balance of the purchase obligation (Note 7). The School's intention is to demolish the existing building and, accordingly, the acquisition cost has been assigned to the freehold land. The School's plan is to construct a new building for its educational purposes, which is expected to be financed by a combination of excess operating cash flow, additional financing and donations.

ST CATHERINE'S BRITISH EMBASSY SCHOOL**Notes to the Accounts as at 31st August 2010**

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

The additions of €335,000 consist of €65,000 for the Macsolar land, €237,000 for furniture and equipment, €11,000 for improvements for the Tositsa Foundation sports fields and €22,000 for improvements for the Annex building.

5 DEBTORS

	2009-2010 € ' 000	2008-2009 € ' 000
Fees, net of provision for doubtful accounts of €145,000 as at 31st August 2010 (2009: €130,000)	86	72
Guarantees	39	35
Other debtors	4	13
Prepaid expenses (a)	246	21
	<u>375</u>	<u>141</u>

- (a) The amount of prepaid expenses as of August 31, 2010 includes advances to suppliers of €203,000 relating to construction activity of the Annex building, as well as purchases of books and educational material, which will be used for the next school year.

6. CREDITORS: Due within one year

	2009-2010 € ' 000	2008-2009 € ' 000
Current portion of long-term loan (a)	700	700
Trade creditors	27	125
Other trade payables	100	129
Reservation deposits (b)	1,441	1,004
Sundry creditors	102	71
Taxes & social security	231	195
Accruals	43	81
	<u>2,644</u>	<u>2,306</u>

- (a) On 29th June 2009 the School obtained a loan from HSBC Bank plc of €11,000,000 to meet the balance of the purchase of the Macsolar land and a building within close proximity of School's current premises (see Note 7).

- (b) The School also received part of the annual fees in advance (€1,441,000) for the next school year.

ST CATHERINE'S BRITISH EMBASSY SCHOOL**Notes to the Accounts as at 31st August 2010**

(All amounts in tables and notes are presented in thousands of € 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 instalments beginning on 31st January 2010 and ending on 31st July 2016, as follows:

	2009-2010 € ' 000	2008-2009 € ' 000
Due within one year	700	700
Due within two to five years	4,600	6,150
Due over five years	5,000	4,150
Due after more than one year	9,600	10,300
Due within one year (note 6)	700	700
	<u>10,300</u>	<u>11,000</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. Furthermore, the loan agreement includes the following terms:

- 60% of any annual excess cash flow will be firstly applied against the final loan payments;
- The market value of the School's mortgage immovable property is equal or exceeds 51.1% of the outstanding loan balance; and
- the School enters into 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 2010 was a €227,908 liability.

Excess cash flow is determined as the annual net cash inflow, i.e. increase in cash. The bank has waived the use of the above accelerated payment clause, in connection with cash available as of 31st August 2010. Furthermore the bank has confirmed the School's compliance with the terms and conditions of the loan agreement as of 31st August 2010.

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.

ST CATHERINE'S BRITISH EMBASSY SCHOOL**Notes to the Accounts as at 31st August 2010**

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

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 2010 is as follows:

Net liability recognised in the Balance Sheet	2009-2010 € ' 000	2008-2009 € ' 000
Present value of defined benefit obligation	536	848
Net liability	536	848

Actuarial assumptions	2009-2010 %	2008-2009 %
Rate of salary increases	3%	3%
Discount rate	3.6%	4.8%
Average price inflation	2%	2%

Net expense recognised in the Statement of Financial Activities	2009-2010 € ' 000	2008-2009 € ' 000
Service cost component	84	144
Interest cost component	41	33
Expected return on plan assets	-	-
Termination benefits	95	19
	220	196

Other recognised gains and losses recognised in the Statement of Financial Activities	2009-2010 € ' 000	2008-2009 € ' 000
Actuarial (gains)/losses	(140)	47
	(140)	47

Change in the present value of the defined benefit obligation	2009-2010 € ' 000	2008-2009 € ' 000
Present value of defined benefit obligation as at 1st September	848	648
Service cost component	84	144
Interest cost component	41	33
Termination benefits	95	19
Less: Benefits paid	(392)	(43)
Actuarial (gains)/losses	(140)	47
Present value of defined benefit obligation as at 31st August	536	848

The cumulative actuarial gains taken to the statement of other recognised gains and losses at 31st August 2010 was €218,000 (2009: €78,000).

ST CATHERINE'S BRITISH EMBASSY SCHOOL**Notes to the Accounts as at 31st August 2010**

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

9. UNRESTRICTED FUNDS

The School's funds are held to finance the freehold property and to cover normal fluctuations in working capital.

10. RELATED PARTY TRANSACTIONS

The related party transactions consist of payments under various insurance contracts to companies in which a member of the School's Board of Directors holds management positions and shareholding interest. Amounts paid during the year ended 31st August 2009 amounted to €159,000. All related party insurance contracts were terminated in September 2009. There are no further related party insurance contracts.

11. CONTRACTS AND COMMITMENTS

The Annex building is leased by the School for a period of four years with an option to renew after four and eight years. Annual commitments under non-cancellable operating leases for the Annex building are analysed as follows:

	2009-2010	2008-2009
	€ ' 000	€ ' 000
Expiring within one year	29	40
	<u>29</u>	<u>40</u>

The School has an agreement with Tossitsa Foundation for the use of a field across the road from the main School grounds, which was signed on 15th August 2005. The duration of the agreement was until 31st July 2010 and continues silently. The Annex building leasehold agreement commenced on 1st November 2010.

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.

ST CATHERINE'S BRITISH EMBASSY SCHOOL**Notes to the Accounts as at 31st August 2010**

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

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.