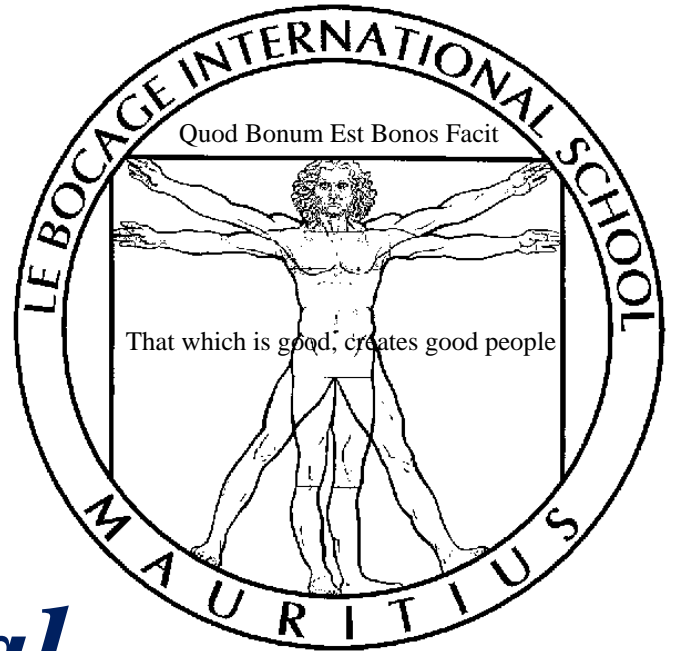


***2010***

***Annual  
Report***



***PROGOS***

***Le Bocage  
International  
School***

# *O*ur Mission

Le Bocage International School (LBIS) serves the local and international communities of Mauritius. It offers a balanced, academically challenging, English language education, designed to develop individuals who are creative, independent thinkers and **CITIZENS FOR A BETTER WORLD.**

## **LIFE LONG**

Learners who have acquired the essential and lasting skills of knowing, which will enable them to apply and communicate their knowledge with value in appropriate situations

## **LEARNERS**

**ALL INCLUDED**

**ALL CHALLENGED**

**ALL SUCCESSFUL**

## **GLOBAL**

Learners who appreciate cultural diversity, are community-spirited, are understanding of the situation of others, and have the knowledge to take responsibility for human and environmental issues

## **CITIZENS**

## **PROGOS**

### **Directors**

Amina Barkatoolah  
Jean-Paul de Chazal (Chairperson)  
Philippe A Forget  
Arnaud Godere  
Brigitte Lee  
Alain Rey  
Serge Riviere  
Aisha Timol (resigned June 2010)

### **Secretary**

Abax Corporate Administrators Ltd  
6<sup>th</sup> Floor  
Tower A  
1 Cybercity  
Ebene

### **Registered Office**

c/o Abax Corporate Administrators Ltd  
6<sup>th</sup> Floor  
Tower A  
1 Cybercity  
Ebene

### **Auditors**

Ernst & Young  
9<sup>th</sup> Floor  
NeXTeracom-Tower I  
Cybercity  
Ebene

### **Bankers**

The Mauritius Commercial Bank Ltd

<b>Index</b>	<b>Pages</b>
From the Head	3
From the Board	4-15
A summary of the major development targets at December 2010	16-27
LBIS and its finances (FAQ'S)	28-29
Secretary's report	30
Independent auditors' report	31-32
Statement of financial position	33
Statement of comprehensive income	34
Statement of changes in equity	35
Statement of cash flows	36
Notes to the financial statements	37-56

---

---

*From the Head*

The Annual Report which concentrates on financial information and school targets is enclosed.

The year 2010 was a busy one for LBIS. The school witnessed a major extension of the school site. A large area of land was cleared to the east of the school. There are now four new-grassed recreation areas for the students along with a multi-purpose hard surface which can be used either as a recreation area or as a car park. It is envisaged that this area will be available to the LBIS community by mid-2011. The school was also able to upgrade many of the teaching areas by providing new tables and chairs in many of the classrooms.

A major feature of 2010 has been the preparations for the IB MYP pilot in Form 1. The year was spent in reviewing the IB MYP documentation and in preparing school documents. Staff also produced lesson plans and reflected on the teaching and learning that would take place. One of the major benefits of the pilot scheme has been the opportunity for staff to work collaboratively on the documentation and lesson plans.

The year also witnessed the implementation of the new *LBIS Strategic Action Plan for School Improvement 2010-2014*. A report on the progress of the plan is included later in the Annual Report.

I would like to take this opportunity to thank all sections of the school community for their continued involvement and dedication to the school.

As we look to 2011 there is much to do. We need to consolidate and build on the excellent work that has been carried out in revising the Middle School curriculum. We must also begin the task of preparing for the major CIS Self Study and Team Visit that will take place in 2012 and 2013.

As always, we are interested in feedback. As you read through these pages please do let us have your reaction to the way we have presented the information. Our goal continues to be to make the financial and developmental issues of LBIS as transparent as possible so they can be easily understood by people who are not financial experts or directly involved in the strategic development of the school. You can email me at [andrews@lbis.intnet.mu](mailto:andrews@lbis.intnet.mu)

**Andrew R. Scott**  
Head LBIS

06 June 2011

**FROM THE BOARD**

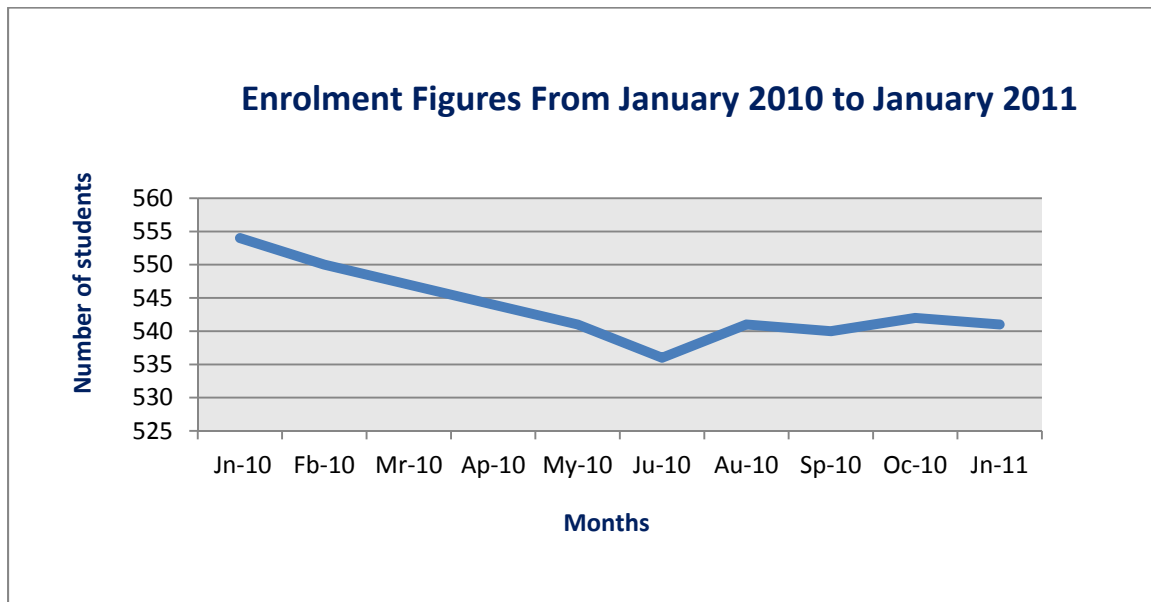
The Directors are pleased to present their report and the audited financial statements of the Company for the year ended 31 December 2010.

**PHILOSOPHY AND OBJECTIVES**

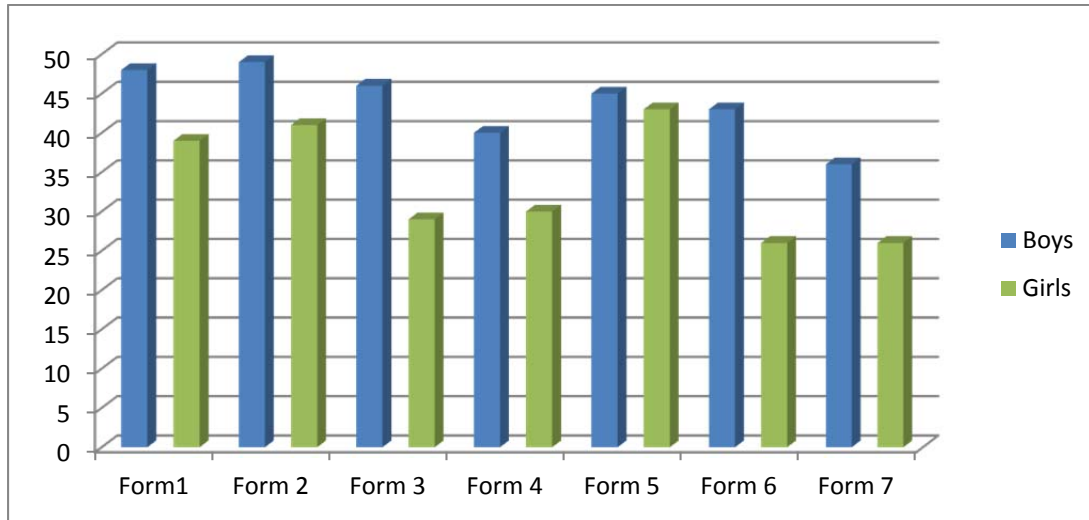
The school has continued its commitment to providing ‘a high quality international secondary education that challenges students to realise their full potential in a caring and supportive environment.’ The school places its philosophy and objectives at the centre of its planning and development. This is reflected in the school’s decision to further develop the curriculum in the Middle School to meet the increasing challenges of educating students for the twenty-first century.

**STUDENT BODY**

At LBIS 89% of the student population is from Mauritius and 11% from approximately 18 other countries. The student population varied between 536 and 554 during the year as shown by the graph below. We started 2011 with 541 students.



**School Roll January 2011: 541 students**



**HUMAN RESOURCES**

In 2010 there were 60 teachers employed (cf. 59 in 2009). There were 8 educational support members of staff (cf 10 in 2009), 18 administrative staff (cf 15 in 2009) and 15 support staff (cf 16 in 2009). There is currently a student:teacher ratio of 9.4:1 (cf 9.4:1 in 2009).

Department Heads, Curriculum Coordinators, Principals or the Head professionally appraise all academic staff during each year. The school continues to send teaching staff to train locally and on occasions to travel overseas for professional development opportunities. However, there has been a greater emphasis on on-line training for staff, as this is seen as a more cost effective means of providing professional development.

The professional enrichment days enabled staff to engage in a variety of activities. These included sessions on developing ICT skills, understanding Asperger’s Syndrome, techniques in basic first aid, and further opportunities to develop subject based IB MYP documentation.

**STUDENT LEARNING & PERFORMANCE**

LBIS is a mixed ability school, which academically demands more of staff and students each year. In external examinations the academic performance of our students in many subject areas is comparable to that of similar international schools around the world. This is reflected in the IB Diploma results below. The IB results for 2010 demonstrate that teaching and learning in the school continues to sustain good and competitive educational outcomes for our students. The IGCSE results, although not reaching the very high standards of 2009, were nevertheless good.

**EXTERNAL EXAMINATIONS**

**International General Certificate of Education (IGCSE)**

There were 75 candidates (cf 72 in 2009), who achieved the following results:

- the overall pass rate was 95% (cf. 99% in 2009)
- the overall A\*-B % distribution was 53% (cf. 60% in 2009)
- 27% of students received an ICE Distinction or equivalent (cf. 28% in 2009)
- 47% of students received an ICE Merit or equivalent (cf. 49% in 2009)

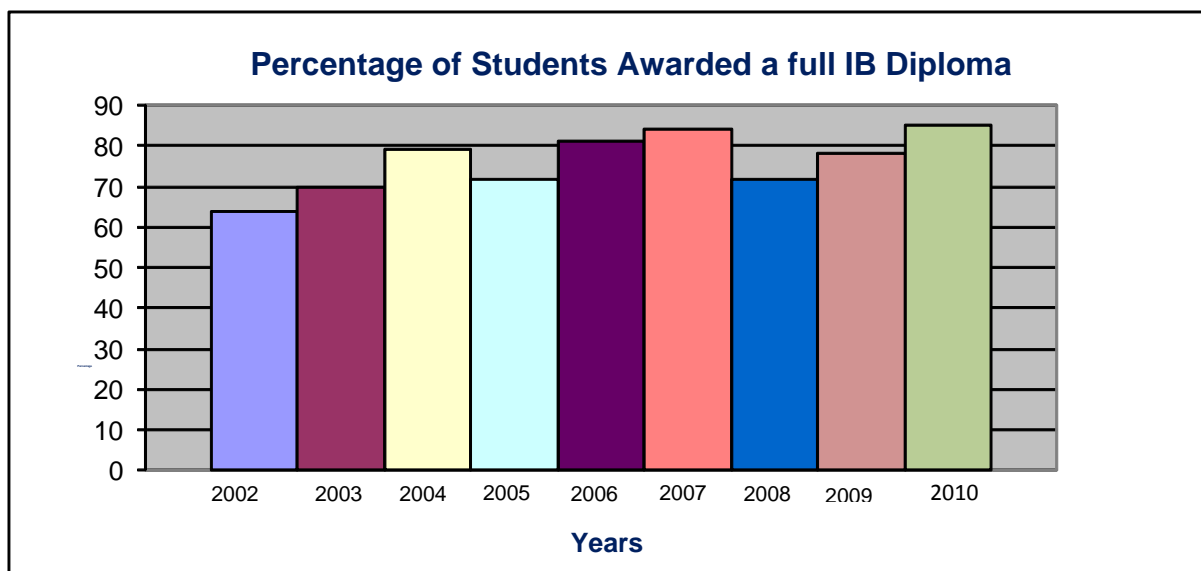
**% Grade Distribution 2000-2010 for IGCSE examinations**

Year	A*	A	B	C	D	E	F	G	U
2000	3	8	15	26	18	14	10	4	2
2001	2	6	15	22	18	15	9	7	6
2002	3	10	19	25	17	13	7	4	2
2003	2	10	18	26	17	16	6	3	3
2004	4	16	18	29	17	10	4	1	1
2005	3	12	22	28	18	11	4	0	2
2006	3	9	21	30	19	9	5	2	2
2007	9	18	23	22	16	7	3	1	1
2008	9	18	21	28	15	6	1	1	1
2009	15	19	26	19	10	7	2	0	2
2010	13	17	23	23	12	7	3	1	1

**International Baccalaureate (IB)**

In terms of overall pass rate the 2010 results at 85% saw a marked increase from the previous year (cf. 78% in 2009). Some ‘headline’ figures for 2010 are listed below:

- 62 students obtained an IB Diploma (cf 63 in 2009)
- 85% pass rate (cf 78% in 2009)
- a mean Diploma score of 30 (cf 31 in 2009)
- individual Diploma highest score of 42 (cf 38 in 2009)
- 44 students were awarded a Bilingual Diploma (cf 52 in 2009)
- both of the school’s International Baccalaureate Careers-Related Certificate (IBCC) students successfully passed the programme. (cf 3 in 2009)



**Value-Adding**

The IB and IGCSE results are exposed to careful scrutiny and analysis in order to identify indicators of successful value-adding in terms of school performance. Thus the IGCSE examination results (2008) are compared with the IB Diploma examination results (2010) for the same cohort of students. The results are used to ensure ongoing improvements in teaching and learning across the school, with a particular focus on the ongoing development and implementation of more effective instructional strategies.

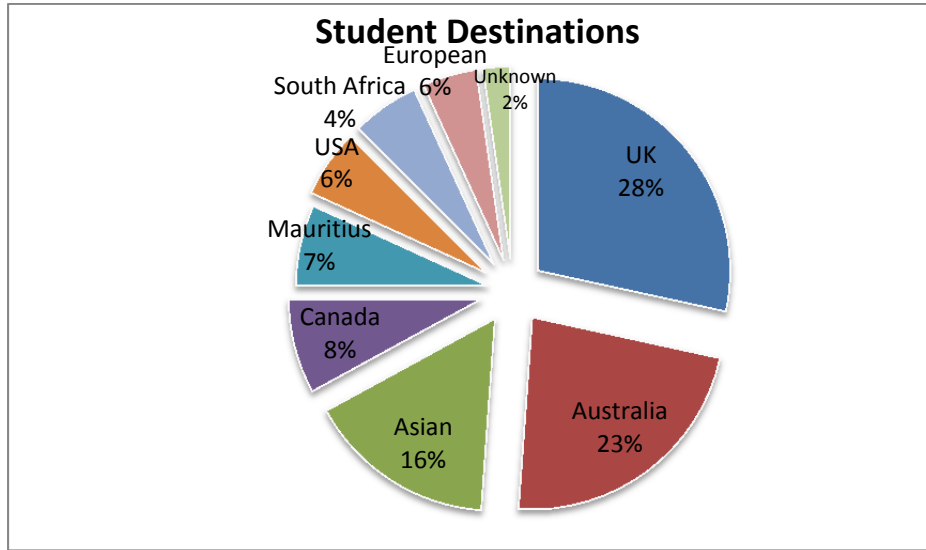
Further details and analysis of the IB and IGCSE results are available on the school website, [www.lebocage.net](http://www.lebocage.net).

**UNIVERSITY ADMISSIONS**

After Form 7, students from LBIS have continued to find places at a wide range of universities around the world. The United Kingdom continues to be the most popular destination, although there are growing numbers of students attending colleges and universities in Australia. There are also a number of students who chose to remain in Mauritius for their studies. The table below gives an indication of the countries where the students who graduated in November 2009 are now studying:

UK	25
Australia	20
Asian	14
Canada	7
Mauritius	6
USA	5
European	5
South Africa	4
Unknown	2

The pie chart represents this in percentage terms.



**Courses engaged in**

The students are engaged in a wide range of different course. However, the most popular areas remain Business and Management (17 students), Design based courses (9 students), Law (7 students), Engineering (7 students). Fewer students have opted for the languages, the humanities or sciences.

**SCHOOL COMMUNITY, LIFE & CULTURE**

The school continues to expand and develop its extra-curricular activities whilst consolidating its existing strengths in this vital area of the school curriculum.

- **Le Bocage Model United Nations Club**

All the members of Le Bocage MUN club took part in the AIS Model United Nations conference from 26 March to 31 March 2010 in Cairo, Egypt.

There were 19 students mainly from Form 7, and they represented three countries: the Ivory Coast, Mauritius and Nigeria. They were split into several different commissions - the Advisory Panel, the Economic and Social Council, the Disarmament Commission, General Assembly, Youth Assembly, Human Rights. The conference lasted over 3 days of rich debate in which the LBIS students wrote their resolutions, negotiated with other countries and reached consensus.

22 International Schools from different parts of the world were present including China, Tunisia, India, Poland and Jordan. The students had the opportunity to meet people from other cultures and traditions and hence learnt to be more open and tolerant of others. To further enhance the cultural dimension, the students benefited from a visit to

the World Health Council, the National Museum and also organized a camel ride to the pyramids to ensure that this trip was a truly unforgettable experience.

During the second term holidays in August, eight students participated in the 14th Annual Model United Nations in Mauritius organized by the Ministry of Education. Le Bocage represented two delegations namely Togo and Tanzania. The conference lasted over three full days and we concluded brilliantly by being awarded best delegations for both teams.

- **The National Youth Achievement Award (NYAA)**

On Thursday 30 September 2010 there was a very successful Bronze and Silver Award Ceremony for the NYAA participants. The guest of honour was the Director of Youth Affairs and Chairman of the NYAA Committee, Mr. Putschay. There were also other members of the NYAA and representatives from the Ministry of Youth and Sports. Currently, there are about 113 students from Form 3 to Form 7 who are participating in the programme.

The Gold Award Ceremony was held on 23 October 2010 at the State House where 21 Le Bocage students, out of a total of 42 awardees, received their medals from the President of the Republic.

The work of the NYAA contains an important service component. An example of this can be seen in the work of a group of Form 6 students who spent four nights working at a residential project at the Sir Satcam Boolell Animal Hospital in Rose Belle. They painted some of the buildings, cleaned up the grounds and also helped to landscape the area.

- **The Global Young Leaders Conference (GYLC)**

Several of our senior students attended the *Global Young Leaders Conference* held in August 2010 in the United States. Below is a short extract from one of the LBIS participants, Astrid Arlove:

*"I'd say that 'sharing' is the word that would sum up GYLC. It was about sharing cultures, points of view, experiences and mostly knowledge with people you just met and having as a result the sharing of new friendships and love. I am not an A\* student and no, I am not more experienced in debating than other students, but I can now say that I am a proud product of the Global Young Leaders Conference."*

- **School trips abroad**

During 2010 there continued to be a number of school trips abroad. A group of 50 students, together with five teachers, went for an exchange trip to India. They were invited by the Neerja Modi School, situated in Jaipur, Rajasthan. During the stay, the students were involved in a wide variety of activities.

During the Easter Holidays, the History Department organised the annual History trip to discover places renowned for their historical interest. In 2010, 17 students, accompanied by three members of staff, travelled to China and Tibet.

A group of 23 students took part in the first ever trip to the UK organised by the English Department during the July and August break. They spent a week in London, visiting the attractions that the city has to offer.

- **Spelling Bee competition**

On Wednesday 02 June 2010, Carlyn Sin (F2) won the final round of the national English Speaking Union's Spelling Bee competition and was awarded the Gold Medal in her category. Carlyn was interviewed by the MBC on its weekly programme, *Enfants Soleil*, on Saturday 19 June.

During the earlier regional rounds of the competition held in May, three other students (Myisha Beebeejaun F1; Ashley Koenig F3, Yashil Sukurdeep F4), were amongst the best candidates. Unfortunately, they did not make it to the national finals this time.

- **Sports at LBIS**

A number of LBIS students took part in the National Inter-colleges Swimming Competitions. Le Bocage students gained 1 gold, 1 silver and 7 bronze medals. The Benjamin Boys freestyle relay team set a new National record.

Le Bocage also performed extremely well in the Regional Inter-colleges Table-tennis Competitions. The results were as follows:

Boys

- Benjamin (Under 14): Gold medallist
- Cadet (Under 18): Bronze medallist
- Junior (Under 20): Silver medallist

Girls

- Benjamin: Gold medallist
- Minim (Under 16): Silver medallist
- Cadet: Silver medallist
- Junior: Silver medallist

LBIS students also took part in the Regional Inter-colleges Basketball competition. They were Champions in the Boys Cadet and Girls Cadet and Runners-up in the Boys Junior. They then proceeded to represent the school in the National Inter-colleges tournaments. The Minim Boys team reached the National quarterfinals, where they lost to Unity College, while the Cadet boys reached the semis after defeating the prestigious College du Saint Esprit in the quarterfinals. They lost to another "big" name, College St Joseph. The Cadet Girls team also performed very well. They were very unlucky to go out in the semi-finals to Vacoas SSS. They narrowly lost in extra time.

Le Bocage again entered contestants for the annual Deutsche Bank Mauritius 50-kilometre cycle tour. There were three members of staff, Zara Reid (teaching assistant),

---

Cyril Ationne (PE) and Marlowe Kamulsing (English), and three students, Marc Vanderbanck (Form 2), Christopher Heberden (Form 2) and Phalana Siya (Form 6).

One of our students, Julian Severe, who participated in the javelin competition at the CJSOI games in Reunion, won the gold medal.

- **Science at LBIS**

The science competition of 2010 was a very successful event that involved the participation of around 150 students. The competition was open to Middle School and Form 4 and 6 students only. The theme for the year 2010 was 'water', and was selected to encourage students to understand and appreciate the importance of water for life and to highlight the connection between water, climate change and disaster risk management. The students had approximately 3 months to work on their respective projects which they presented during an exhibition held on 21 June. The projects were assessed by a panel of judges comprising of Le Bocage staff members.

The science competition culminated with the prize giving ceremony that took place on 22 June. The school was privileged to have Dr. M. Bikhajee (Director of Mauritius Oceanography Institute) as guest speaker for the function. The prize giving ceremony was covered by MBC and Le Matinal, which gave us an opportunity to inform the local community about the activities carried out at Le Bocage International School to promote Science.

- **Participation in local competitions**

This year LBIS students participated in two important competitions, namely the communication contest organized by Rajiv Gandhi Science Centre (for Form 1 to Form 3 students) and the Essay competition organised by the Mauritius Research Council (for Form 6 students).

- **The Arts at LBIS**

There was another successful IB Diploma Art Exhibition held on Monday 11 October. During the day the students met with the IB examiner to discuss their work and in the evening their work was on exhibition to the school community.

LBIS has also involved the wider school community in school affairs, as well as endeavouring to fulfil its commitment to the wider Mauritian community.

- **Le Bocage International Night**

There was another very successful International Night held on Friday 18 June. Despite the grip of 'World Cup fever' there was an excellent turnout. All those who attended enjoyed the entertainment and the variety of food on offer.

---

- **LBIS Community Retreat**

Our School Community Retreat was held on Saturday 08 May 2010. It followed on from a successful Board-Staff Retreat held the previous year. The name of the retreat was changed to LBIS Community Retreat to more accurately reflect the composition of the participants. This was a direct response to a recommendation made at the 2009 retreat.

All LBIS Board members were invited to the event along with all the teaching, office and technical support staff. Members of the PTA were also invited, along with the student representatives of the Student Representative Council (SRC) from Forms 4 to 6, and a representation from the Prefect Body. Members of the Alumni Association were also invited, but unfortunately none could make it. A total of 103 people took part in the retreat.

The retreat looked at three main areas:

- PROGOS financial analysis for 2009
- The importance of the IBO Learner Profile
- A review of the LBIS vehicles of communication

- **Concert Joie de Vivre Universelle**

An example of Le Bocage's commitment to the wider community can be seen in the work of a group of Form 7 students in 2010. The main organiser of the event, Zeenat Hossen wrote the following:

*"The Joie de Vivre Universelle concert was held on Friday 16 April at Triveni Club in Beau Basin. A team of Form 7 students put together a musical concert in order to raise funds for Joie de Vivre Universelle, which is a medical educational centre for mentally handicapped children in Mauritius. The organisation was created for those who cannot afford to pay for expensive treatment. Joie de Vivre Universelle plans to work in collaboration with Foyer Namaste, a home for the disabled, with the aim of facilitating their integration into society so as to provide them with a better life. One of the objectives of this concert was to raise awareness about issues faced by individuals in our society, and we hope that others will consider initiating future activities to help those in need."*

- **LBIS Charity Walk**

The LBIS Charity Walk was held on Friday 28 May. The walk was on the theme of *Sharing Our Humanity*. On arriving at Ebene, there was a cultural show put on by students of LBIS and also students from the *Shelter for Women in Distress*, one of the projects that the school is supporting in Mauritius. Donations from LBIS were also handed out to *Moka Government School*, *Oasis de Paix*, and the *Shelter for Women in Distress*. The school was able to raise over Rs 200,000, which will be used to support future Creativity, Action and Service (CAS) projects.

---

## SCHOOL FACILITIES

The school site consists of 3 main buildings comprising 41 classrooms and specialist areas including: Multipurpose hall (MPH), Library, Lecture Theatre, Science Laboratories, Information Technology and Special Educational Needs (SEN). The 2010 budget approved funds for classroom refurbishment and for developing the school campus. A large number of new tables and chairs were purchased for the main teaching rooms.

The main area for development involved the extension to the school campus. During 2010, additional land was bought to the east of the school. The new land has allowed the development of adjacent land owned by the school but undeveloped because of difficulty of access. Extensive work was carried out to landscape the area and to secure it from the effects of excessive rainfall. The school now has four new-grassed recreation areas and a multi-purpose hard surface area.

Mr Clency Vieillesse, the school's Maintenance Manager who supervised all the works stated *"The works spanned a full year because both extensive and complex. They now painstakingly transformed over 2 ½ acres of bush land and ravines. I hope the kids enjoy it!"*

**DIRECTORS**

The following directors held office during the year ended 31 December 2010:

Amina Barkatoolah  
Jean-Paul de Chazal (Chairperson)  
Philippe A Forget  
Arnaud Godere  
Brigitte Lee  
Alain Rey  
Serge Riviere  
Aisha Timol (resigned June 2010)

**DIRECTORS' SERVICE CONTRACTS**

None of the directors have service contracts.

**DIRECTORS' REMUNERATION**

None of the directors received any remuneration or benefits from the Company.

**AUDITORS**

The fees paid to the auditors, Ernst & Young, for audit and other services were:

	<u>2010</u>	<u>2009</u>
	Rs	Rs
Audit services	<u>181,700</u>	<u>165,969</u>

The auditors have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' INTEREST IN SHARES**

	<b>Number of ordinary shares</b>	
	Subject to no restrictions	
	2010	2009
Jean-Paul de Chazal	1	1
Philippe A Forget	3	3

The other directors hold no share of the Company whether directly or indirectly.

**DONATIONS**

The Company has made no donation during the year ended 31 December 2010 (2009: Nil).

Approved by the Board of Directors on 06 June 2011 and signed on its behalf by:

}  
 }  
 } **Directors**  
 }  
 }

---

**A SUMMARY OF THE MAJOR DEVELOPMENT TARGETS AT DECEMBER 2010**  
**(This marks the completion of the first year of the new *Strategic Action Plan for School Improvement 2010-2014*)**

---

The new *Strategic Action Plan for School Improvement 2010-2014* sets out the main development targets for the school from January 2010 to December 2014. It has been organised in seven main sections that correspond with the Council of International Schools Accreditation process:

- A Philosophy and Objectives
- B Curriculum
- C Governance and Management
- D Staff
- E Student Support Services
- F Resources
- G Student and Community Life

Each section contains an overall aim, a number of critical success factors (CSF) in achieving the overall aim, strategies to fulfil the CSF and an indication of who will carry it out, the timescale for achieving it and any major resource implications. In addition, ways of ensuring that the aim will continue to be achieved are identified. For 2010 there were a total of 22 CSFs and 65 specific strategies identified. Regular reports are presented to the Board of Directors on the progress of the *Strategic Action Plan for School Improvement*.

The following code is used to indicate the status of each *Critical Success Factor*:

E = exceeds the critical success factor (CSF)

M = meets the CSF or is in the process of helping to meet the CSF

D = does not meet the CSF

The following code is used to indicate the status of the strategies (STR) outlined in the plan:

w = widely implemented

p = partially implemented

n = not implemented

Section A: Philosophy and Objectives		Status				
CSF	Overall aim: To ensure that the philosophy and objectives of LBIS are an integral and living part of all aspects of the school community	2010	2011	2012	2013	2014
A.1	To ensure all areas of the school community are aware of and understand the mission statement, philosophy and objectives of the school.	M				
	STR					
A.1.a	Conduct a review of the Mission Statement, Philosophy and Objectives	n				
A.1.b	Ensure that the Mission Statement, Philosophy and Objectives are an integral part of school planning and life	p				
A.1.c	Ensure that the Mission Statement is prominent around the school	p				
A.1.d	Ensure that the school community gives feedback on the school and its programmes	p				
<p>Comment</p> <p>The overall aim of this section is <i>'to ensure that the philosophy and objectives of LBIS are an integral and living part of all aspects of the school community.'</i></p> <p>The strategies identified to achieve the CSF are all on target so far. Overall it is fair to say that CSF A.1 currently meets its objectives.</p>						
Section B: Curriculum		Status				
CSF	Overall aim: To develop and maintain a quality educational programme that ensures continuous improvements in teaching and learning	2010	2011	2012	2013	2014
B.1	Establish a strong 'Assessment for Learning' culture in LBIS classroom practice	M				

	STR						
	B.1.a	Maintain structured professional development programme with specific targets	p				
	B.1.b	Review and improve the format of assessment and reporting	p				
	B.1.c	Review Teaching & Learning policy	w				
B.2	Establishment of a performance management infrastructure within the school culture		M				
	B.2.a	Benchmark value-added student performance at each level of transition within the school's curriculum	p				
	B.2.b	Track university entrance of students and qualifications required	p				
	B.2.c	Develop greater awareness of the teaching and learning experiences of students	p				
	B.2.d	Develop annual targets for the school and departments	w				
B.3	Review and evaluate the programmes that the school offers to ensure relevance and the highest quality international educational opportunities for students at LBIS		M				
	STR						
	B.3.a	Review Contents Standards Framework for Forms 1-3	p				



	STR													
	C.2.a	Provide in-service training for BOD on a regular basis								p				
	C.2.b	Establish an annual BOD calendar								w				
	C.2.c	Create development plan and calendar based on strategic objectives and the funding priorities agreed by the BOD								w				
C.3	Market and promote LBIS effectively								D					
	STR													
	C.3.a	Create new marketing strategies								p				
	C.3.b	Identify and promote those programmes that make LBIS differentiated in the Mauritian/International marketplace								n				
	C.3.c	Update school website to make it a functional and informative tool								p				
	C.3.d	Continue to raise profile locally								w				
	C.3.e	Raise profile internationally								p				
C.4	Develop stronger links between LBIS and other institutions								D					
	STR													
	C.4.a	Conduct a collaborative feasibility study with Clavis International Primary School								Strategy rejected				
	C.4.b	Maintain links with institutions that have common areas of interest with LBIS								n				
C.5	Achieve a school image that supports and reinforces the school mission statement, philosophies and vision								D					

	STR														
	C.5.a	Update promotional material									p				
	C.5.b	Re-evaluate the structure of the administration staff to ensure efficient services									n				
	C.6	Ensure the financial stability and longevity of the school									M				
	STR														
	C.6.a	Update and revise the LBIS 5 year financial plan									p				
	C.7	Ensure that LBIS successfully gains re-accreditation from CIS									D				
	STR														
	C.7.a	Prepare for the Preparatory Visit from CIS									p				
	C.7.b	Successfully complete CIS Self-study									n				
	C.7.c	Successfully fulfil requirements of CIS Team visit									n				
	C.7.d	Successfully fulfil requirements of CIS One Year Report									n				
	<p>Comment:</p> <p>The overall aim for this section is <i>'to provide governance and management known for its vision, collaboration, efficiency, clarity and transparency.'</i> The new Strategic Action Plan has helped clarify the vision of the school but much still needs to be done to put this into practice.</p>														
											Status				
	Section D: Staff														
	Overall aim: To recruit, develop, reward and retain quality staff										2010	2011	2012	2013	2014
CSF															

D.1	Identify staffing needs and employ well-qualified staff.		M				
	STR						
	D.1.a	Establish a human resources framework to guide all recruitment	P				
	D.1.b	Investigate ways to improve the recruitment procedures for staff	P				
	D.1.c	Create a support system for new staff	P				
D.2	Investigate ways to improve conditions of employment to attract, retain and reward high quality faculty and administration		M				
	STR						
	D.2.a	Recommend new remuneration framework.	P				
	D.2.b	Ensure there are equal opportunities for all staff members	P				
D.3	Create a positive working environment		M				
	STR						
	D.3.a	D.3.a Identify the means to develop a more collaborative culture.	P				

	D.3.b	D.3.b Regular meetings between teachers of same year group to develop collaborative teaching and learning.	w						
	D.3.c	D.3.c Create a structure to ensure an effective Professional Development programme.	p						
<p>Comment:</p> <p>The overall aim of this section is <i>'to recruit, develop and retain high quality staff.'</i> The recruitment of highly qualified staff remains a challenge. However, the school does a good job in developing staff potential when they are at the school. To a certain extent the school may become a victim of its own success, as trained staff are able to apply for jobs in international schools outside Mauritius.</p>									
									Status
CSF	Section E: Student Support Services								
	Overall aim: To provide services that support the delivery of a quality education for all students at LBIS		2010	2011	2012	2013	2014		
E.1	Explore, develop, and implement strategies to differentiate curriculum and instruction to meet a variety of student needs, especially those students with English as a Second Language and students with special learning needs and talents.		M						
	STR								
	E.1.a	To develop ESL across the school	n						
	E.1.b	Reinforce differentiated teaching and learning	P						
	E.1.c	Develop Gifted & Talented Program	P						
	E.1.d	Introduce Braingym	P						
E.2	Develop a greater sense of school identity for LBIS students		M						





	G.1.b	Develop parental awareness, interest and involvement in varied activities that support school life and culture.	p												
	G.1.c	Develop Alumni Association	n												
	G.1.d	Develop student governance	p												
G.2	Maintain and enrich the extracurricular student activities, e.g. music, sports, teams, theatre.		M												
	STR														
	G.2.a	Develop wider involvement in the planning of the activities programme	p												
	G.2.b	Improve the quality of the act. Prog	p												
	G.2.c	Develop a sense of involvement by teachers and students- (motivation)	n												
	G.2.d	Develop more effective ways of communicating about activities through the LBIS community	p												
	<p>Comment:</p> <p>The overall aim of this section is <i>'to provide a stimulating and productive environment with opportunities for all.'</i> The school can feel proud of the range of extra-curricular activities that the students are involved in. This is not just in the sporting area but in creative and service areas as well. As mentioned above, the challenge is to coordinate this so that the school can ensure that there are indeed opportunities for all.</p>														
<b>Overall Summary</b>															
<p>The new <i>Strategic Action Plan for School Development</i> has now been in operation for just over one year. After a good start, some of the areas targeted for 2010 failed to be implemented or meet the CSF. This perhaps represents the overly optimistic timeline that has been given. Like any strategic plan, the <i>LBIS Strategic Action Plan for School Development</i> to a certain extent contains a wish list, and some of these wishes cannot be fulfilled. There are also areas that are later rejected (e.g. C.4.a). However, in the key areas of development, the school has made progress. The most striking example of this is the introduction and implementation of a pilot IB MYP. This has not just affected the current Form 1, but has had an effect over a wider area of the school and its practices. There is now much more emphasis on collaborative planning and improving the teaching and learning that is taking place in the classroom.</p> <p>Section A does not pose any major challenges and the philosophy and objectives of the</p>															



***LBIS AND ITS FINANCES – Frequently Asked Questions.***

***Who "owns" LBIS?***

LBIS is owned by PROGOS, a not-for-profit company incorporated with limited liability under the Mauritius Companies Act 2001.

***Who runs LBIS?***

The day-to-day leadership and management of the school is the responsibility of the Head, Mr. Andrew Scott, who is appointed by the Board of Directors. All other appointments are made by the head and/or the relevant school principal. On all matters concerning the education of the students the Head works closely with the educational quality management team, comprising the two Principals, the respective coordinators of our three educational programmes, the scheduler and a representative from the pastoral coordination team. On administrative matters the Head works closely with the operations team, comprising the Business Manager, Maintenance Manager and a representative from the office team.

The Board of Directors is responsible for developing the school's mission, appointing, evaluating and supporting the Head, strategic planning, policy setting and the financial health of the school. The current strategic plan runs from 2010 to 2014 and was created in close collaboration with the Head, the faculty and parents.

***What are the major operational costs at LBIS?***

LBIS is a not-for-profit school so all the income we receive is invested in teachers and staff, programmes for students, and the appropriate facilities to achieve our mission. 75.9% (cf 77.2% in 2009) of our annual costs are in the following two areas:

- The cost of employing and retaining good staff, which represents 67.1% of total costs (cf 68.4% in 2009).
- The depreciation of assets which represents 8.8% of total costs (cf 8.8% in 2009).

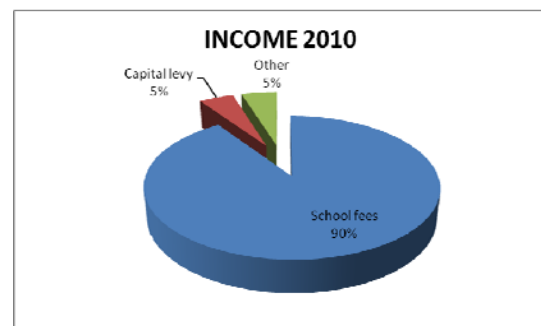
This makes for high quality teaching and though this is excellent for our teaching goals, quality does not come cheap. However, given the quality of our IB Diploma programme, LBIS gives excellent value for money when compared to other more expensive international schools (see CIS International Schools Directory for tuition fees.)

***What is the whole school student to teacher ratio at LBIS?***

It is 9.4:1 (cf 9.4:1 in 2009).

***What was LBIS's income in 2010?***

Just over 83.9 million rupees (cf. Rs 79.9 million in 2009) came from LBIS's core activities (tuition and application fees). A further 4.2 million rupees (cf. Rs 2.5 million in 2009) came from other sources (e.g. book rentals, canteen, sales of uniforms).

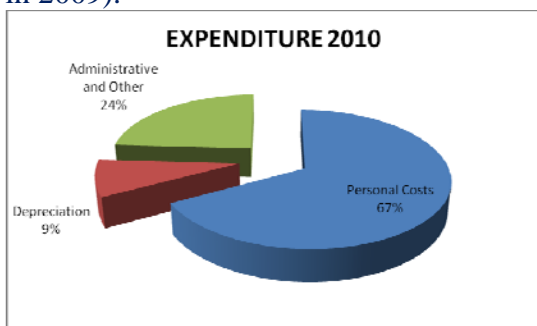


***What about the "rainy days" - does LBIS have any reserves?***

LBIS is a still developing school which to date has reinvested over 64 million rupees (cf 48m in 2009) of surplus into school improvement projects. The mainstay of its financial stability is its positive cash flow.

***What proportion of the total income is spent on staff costs?***

Approximately 55.5% (cf 53.8% in 2009) goes on staff costs. In 2010 this figure was Rs 49.0 million (cf Rs 44.4 million in 2009).



***How many staff is employed by LBIS?***

101 (cf 2009 - 100), made up of 60 teachers (cf 2009 -59), 8 educational services staff (cf 2009 -10), 18 administrative staff (cf 2009 -15) and 15 support staff (cf 2009 - 16).

***Where do administrative and educational support staff operate?***

- External relations (Reception services) 1
- Secretarial Staff 8
- Finance 3
- Technicians 4
- Library 3
- Counsellor 1
- Nurse 1
- Health & Security 1
- Others 4
- Maintenance 15

***How does the budget-making process work?***

Budgets are built from zero each year. The budget holders are the Head; the Principals; Heads of Department and other responsibility post holders. Each has the responsibility of looking at the needs of his or her school or department and building the requisite budget within the confines of the money available. After a period of discussion and negotiation, budgets are finalised by the Head, scrutinised and challenged by the Board’s Finance Committee and then ratified by the Board.

***What insurance cover do we offer students?***

All students (and staff) are covered by a 24 hour personal accident policy.

***How do we know we are financially efficient?***

There are many checks and balances to ensure financial efficiency. On a day-to-day basis, it is the prime role of the Business Manager, who reports to the Head, to ensure that the school is run in an efficient and financially responsible way. A financial risk assessment is made annually. The Finance Committee of the Board meets regularly with the Head and Business Manager and has a continuing overview of the financial processes, as does the entire Board, through a system of regular reporting. Our accounts are audited by external auditors (Ernst & Young) each year. Accreditation by the Council of International Schools indicates that our financial practices are meeting the high standards required.

**SECRETARY'S CERTIFICATE OF PROGOS ('the Company')**

**As per Section 166 (d) of the Companies Act 2001**

We confirm, as Secretary of the abovenamed Company that, based on the records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2010, all such returns as are required of the Company under the Companies Act 2001.

**CORPORATE SECRETARY**

**06 June 2011**

---

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PROGOS**

**Report on the Financial Statements**

We have audited the financial statements of Progos (the "Company") on pages 33 to 56 which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PROGOS**

**Report on the Financial Statements (Continued)**

*Opinion*

In our opinion, the financial statements on pages 33 to 56 give a true and fair view of the financial position of the Company at 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001

*Other matter*

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Report on Other Legal and Regulatory Requirements - Companies Act 2001**

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

**ERNST & YOUNG**

**PATRICK NG TSEUNG,  
A.C.A**

Ebene

Mauritius

Date : 06 June 2011

	Notes	2010	2009
		Rs	Rs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	81,689,266	65,592,257
Intangible asset	6	102,258	153,387
		<u>81,791,524</u>	<u>65,745,644</u>
<b>Current assets</b>			
Inventories	7	1,935,706	1,930,273
Trade and other receivables	8	1,186,218	1,075,908
Cash at bank - Tertiary scholarship fund	9	855,502	985,005
Cash at bank and in hand	10	6,320,912	11,803,326
		<u>10,298,338</u>	<u>15,794,512</u>
<b>TOTAL ASSETS</b>		<u><b>92,089,862</b></u>	<u><b>81,540,156</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders</b>			
Issued capital	11	6,950,000	6,950,000
Calls in advance		544,884	544,884
Retained surplus		63,964,663	48,699,183
<b>Total equity</b>		<u><b>71,459,547</b></u>	<u><b>56,194,067</b></u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	12	3,875,000	4,001,000
		<u>3,875,000</u>	<u>4,001,000</u>
<b>Current liabilities</b>			
Tertiary scholarship fund	9	855,502	985,005
Trade and other payables	13	15,714,591	14,252,151
Interest-bearing borrowings	14	185,222	6,107,933
		<u>16,755,315</u>	<u>21,345,089</u>
<b>Total liabilities</b>		<u><b>20,630,315</b></u>	<u><b>25,346,089</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>92,089,862</b></u>	<u><b>81,540,156</b></u>

These financial statements have been approved for issue by the Board of directors on 06 June 2011 and are signed on its behalf by:

Name	Signature
.....	
.....	

The notes set out on pages 37 to 56 form an integral part of these financial statements.

**PROGOS****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010****34.**

	Notes	2010	2009
		Rs	Rs
<b>Income</b>			
Fees	16	84,055,906	80,033,344
Other operating income	17	3,611,192	2,040,646
		<u>87,667,098</u>	<u>82,073,990</u>
<b>Expenditure</b>			
School running expenses		63,034,123	55,455,073
Administrative expenses		9,725,083	8,525,579
		<u>72,759,206</u>	<u>63,980,652</u>
<b>Operating surplus</b>	18	14,907,892	18,093,338
Finance income	20	502,240	404,021
Finance costs	21	(144,652)	(864,037)
<b>Surplus for the year</b>		<u>15,265,480</u>	<u>17,633,322</u>

The notes set out on pages 37 to 56 form an integral part of these financial statements.

**PROGOS****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010**

35.

	<b>Issued capital</b>	<b>Calls in advance</b>	<b>Retained surplus</b>	<b>Total</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
At 01 January 2009	6,950,000	544,884	31,065,861	38,560,745
Surplus for the year	-	-	17,633,322	17,633,322
At 31 December 2009	6,950,000	544,884	48,699,183	56,194,067
Surplus for the year	-	-	15,265,480	15,265,480
<b>At 31 December 2010</b>	<b>6,950,000</b>	<b>544,884</b>	<b>63,964,663</b>	<b>71,459,547</b>

The notes set out on pages 37 to 56 form an integral part of these financial statements.

	Notes	2010	2009
		Rs	Rs
<b>Operating activities</b>			
Surplus for the year		15,265,480	17,633,322
Adjustments for non-cash transactions:			
- Depreciation on property, plant and equipment	5	6,339,268	5,643,759
- Amortisation of intangible assets	6	51,129	51,129
- Allowance for credit losses	8	452,885	109,550
- Finance income	20	(502,240)	(404,021)
- Finance costs	21	144,652	864,037
Working capital adjustments:			
- Inventories		(5,433)	(577,018)
- Trade and other receivables		(563,195)	(877,415)
- Trade and other payables		1,462,440	467,538
- Retirement benefit obligations		(126,000)	(1,305,000)
		22,518,986	21,605,881
Interest received		502,240	404,021
<b>Net cash from operating activities</b>		<b>23,021,226</b>	<b>22,009,902</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	5	(22,436,277)	(8,228,087)
Purchase of intangible assets	6	-	(204,516)
<b>Net cash used in investing activities</b>		<b>(22,436,277)</b>	<b>(8,432,603)</b>
<b>Financing activities</b>			
Repayment of debentures		-	(7,000,000)
Interest paid		(144,652)	(864,037)
Tertiary scholarships refunded and interest received	9	-	208,883
Tertiary scholarships and interest paid	9	(138,895)	(49,407)
<b>Net cash used in financing activities</b>		<b>(283,547)</b>	<b>(7,704,561)</b>
Net increase in cash and cash equivalents		301,402	5,872,738
Net foreign exchange difference		9,392	(42,913)
Cash and cash equivalents at 1 January		6,680,398	850,573
<b>Cash and cash equivalents at 31 December</b>	10	<b>6,991,192</b>	<b>6,680,398</b>

The notes set out on pages 37 to 56 form an integral part of these financial statements.

## 1.1 CORPORATE INFORMATION

Progos (the “Company”) is a public company incorporated in Mauritius under the Companies Act 2001 as a not-for-profit company with limited liability. It is a co-educational institution dedicated to the pursuit of excellence in education. Its registered office is situated at c/o Abax Corporate Administrators Ltd, 6<sup>th</sup> Floor, Tower A, 1 Cybercity, Ebene. The principal activity of the Company is the owning and operating of a quality, fee paying and approved, international secondary school called “Le Bocage International School”.

## 2.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

### Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following IFRS and IFRIC interpretations as of 01 January 2010.

- IFRS 2 - Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 - Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009
- IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective 1 July 2009
- IFRIC 17- Distributions of Non-Cash Assets to Owners effective 1 July 2009
- Improvements to IFRSs (May 2008 and April 2009)

These standards and interpretations did not have any impact on the financial performance or position of the Company. They have, however, required additional disclosures relevant to the Company’s activities.

### Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operation
- IFRS 8 - Operating segments
- IAS 7 - Statement of Cash Flows
- IAS 36 - Impairment of Assets

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

### Improvements to IFRSs (Continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- IFRS 2 – Share-based payment
- IAS 1 – Presentation of Financial Statements
- IAS 17 – Leases
- IAS 38 – Intangible Assets
- IAS 39 – Financial Instruments: Recognition and Measurement
- IFRIC 9 – Reassessment of Embedded Derivatives
- IFRIC 16 – Hedge of a Net Investment in a Foreign Operation

## 2.3 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below:

- IAS 24 – Related Party Disclosure effective as of 1 January 2011
- IAS 32 – Financial Instruments: Presentation-classification of rights issue – effective as of 1 February 2010
- IFRS 9 – Financial Instruments: Classification and measurement – effective as of 1 January 2013
- IFRIC 14 – Prepayments of a minimum funding requirement – effective as of 1 January 2011
- IFRIC 19 – Extinguishing financial liabilities with equity instruments – effective as of 1 July 2010

### Improvements to IFRSs

The IASB issued improvements to IFRS, an omnibus of amendments to its IFRS standard. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011.

- IFRS 3 – Business combinations
- IFRS 7 – Financial Instruments: Disclosures
- IAS 1 – Presentation of Financial Statements
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 34 – Interim Financial Reporting
- IFRIC 13 – Customer Loyalty Programmes

The Company however, expect no impact from the adoption of the amendments on its financial position or performance.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Foreign currency translation

The Company's financial statements are presented in Mauritian Rupees ("Rs") which is the Company's functional currency and also its presentation currency. Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income except for exchange gains and losses relating to the tertiary scholarship fund which are credited or debited to the tertiary scholarship fund.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on the straight-line basis to write off the cost of the assets less their estimated residual values over their expected useful lives as follows:

Asset Category	Rate (%)
Buildings	2 - 4
School infrastructure	5
Furniture and fittings	20
Computer equipment	20 -25
Laboratory equipment	20
Books	20
Motor vehicles	20

Except for buildings which carry a residual value of 40% of the cost of the buildings, all other property, plant and equipment have a nil residual value.

Freehold land is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

#### (c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Intangible assets (Continued)

accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category consistent with the function of the intangible asset. Computer software is treated as an intangible asset with finite life and is amortised over four years on a straight line basis.

#### (d) Financial assets

##### *Initial recognition*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus directly attributable transaction costs except for financial assets carried at fair value through profit or loss.

The Company's financial assets include cash at bank and in hand and trade and other receivables.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Gains and losses are recognised in the statement of comprehensive income when the receivables are derecognised or impaired. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year-end. Credit losses are written off during the year in which they are identified.

##### *Cash at bank*

Cash at bank in the statement of financial position comprise cash at bank and in hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above, net of bank overdrafts. Such financial assets are carried at amortised cost using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) **Financial liabilities**

*Initial recognition*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of borrowings, including directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and borrowings.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

*Borrowings*

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

*Amortised cost of financial instruments*

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

(f) **Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measureable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent year, in relation to trade receivables, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Impairment of financial assets ( Continued)

adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the statement of comprehensive income.

#### (g) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset except for property previously re-valued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

#### (h) De-recognition of financial instruments

##### *Financial assets*

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

- the rights to receive cash flows from the asset have expired; or

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) De-recognition of financial instruments (Continued)**

➤ the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially

all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of comprehensive income.

**(i) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

**(j) Tertiary scholarship scheme**

The Company operates a scholarship scheme for its students who have performed well in the International Baccalaureate examination. The scheme is funded, in equal share, by contributions received from private sponsors and the Company and is administered by the

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Tertiary scholarship scheme (Continued)**

company. Contributions and interest received, scholarships paid and refunded and gains/losses on exchange are dealt with in the Tertiary Scholarship Fund account.

**(k) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(l) Pension and other retirement plans**

Retirement benefits to employees of the Company were provided by a defined benefit scheme, which was converted into a defined contribution retirement plan for all qualifying employees as at 01 January 2004. Payments to the deferred contribution retirement plans are charged as an expense as they fall due.

Some members of the defined contribution retirement benefit plan are entitled to a No Worse off Guarantee based on the benefits of the defined benefit scheme, that is, an annual non-increasing member's pension of 1/60<sup>th</sup> of the annual salary at retirement date per year of service, as from the age of 60. The pension is guaranteed for five years.

The pension obligation under the No Worse Off Guarantee is measured as the present value of the estimated future cash outflows using a discount rate by reference to current interest rates and the yields on Treasury Bills and recent corporate debenture issues. Actuarial gains and losses are recognised over the average remaining service lives of employees.

Where employees are not covered under any pension plan, the severance allowance payable under the Employment Rights Act has been calculated and provided for.

**(m) Revenue recognition**

School fees are recognised over the period of instruction. Admission (capital levy), library and entrance exam fees are recognised when received.

All fees are shown net of allowances and discounts.

Interest income and other income are recognised on an accruals basis unless collectibility is in doubt.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Property, plant and equipment*

In applying IAS 16, the Company reviews the assets' residual values, useful lives and methods of depreciation for their appropriateness which requires a fair degree of estimation.

#### *Retirement benefit obligations*

In determining the provision for retirement benefit obligations under the Company's No Worse off Guarantee and severance allowance under the Employment Rights Act, the directors have used certain assumptions regarding the future which are based on current conditions. Future changes in these assumptions could affect the carrying value of these retirement benefit obligations. The assumptions used include the discount rate, expected rate of return on plan assets, future salary increases and mortality rates.

## 5. PROPERTY, PLANT AND EQUIPMENT

<u>2010</u>	Freehold land and buildings	School infrastructure	Furniture and fittings	Computer equipment	Laboratory equipment	Books	Motor vehicles	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
<b>COST:</b>								
At 01 January 2010	62,761,324	17,151,844	8,930,710	21,593,102	2,483,938	19,276,160	1,158,866	133,355,944
Additions	6,713,088	9,760,435	2,592,987	1,400,530	195,512	789,290	984,435	22,436,277
<b>At 31 December 2010</b>	<b>69,474,412</b>	<b>26,912,279</b>	<b>11,523,697</b>	<b>22,993,632</b>	<b>2,679,450</b>	<b>20,065,450</b>	<b>2,143,301</b>	<b>155,792,221</b>
<b>DEPRECIATION:</b>								
At 01 January 2010	14,447,131	5,411,356	7,733,385	19,301,522	2,025,564	17,782,323	1,062,406	67,763,687
Charge for the year	1,882,840	857,592	896,297	1,517,293	218,435	673,474	293,337	6,339,268
<b>At 31 December 2010</b>	<b>16,329,971</b>	<b>6,268,948</b>	<b>8,629,682</b>	<b>20,818,815</b>	<b>2,243,999</b>	<b>18,455,797</b>	<b>1,355,743</b>	<b>74,102,955</b>
<b>NET BOOK VALUES:</b>								
<b>At 31 December 2010</b>	<b>53,144,441</b>	<b>20,643,331</b>	<b>2,894,015</b>	<b>2,174,817</b>	<b>435,451</b>	<b>1,609,653</b>	<b>787,558</b>	<b>81,689,266</b>
At 31 December 2009	48,314,193	11,740,488	1,197,325	2,291,580	458,374	1,493,837	96,460	65,592,257

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>2009</u>	Freehold land and buildings	School infrastructure	Furniture and fittings	Computer equipment	Laboratory equipment	Books	Motor vehicles	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
<b>COST</b>								
At 01 January 2009	62,734,734	12,183,631	8,281,374	20,286,450	2,209,755	18,273,047	1,158,866	125,127,857
Additions	26,590	4,968,213	649,336	1,306,652	274,183	1,003,113	-	8,228,087
<b>At 31 December 2009</b>	<b>62,761,324</b>	<b>17,151,844</b>	<b>8,930,710</b>	<b>21,593,102</b>	<b>2,483,938</b>	<b>19,276,160</b>	<b>1,158,866</b>	<b>133,355,944</b>
<b>DEPRECIATION</b>								
At 01 January 2009	13,097,348	4,553,763	7,198,615	17,764,181	1,836,530	16,703,536	965,955	62,119,928
Charge for the year	1,349,783	857,593	534,770	1,537,341	189,034	1,078,787	96,451	5,643,759
<b>At 31 December 2009</b>	<b>14,447,131</b>	<b>5,411,356</b>	<b>7,733,385</b>	<b>19,301,522</b>	<b>2,025,564</b>	<b>17,782,323</b>	<b>1,062,406</b>	<b>67,763,687</b>
<b>NET BOOK VALUES</b>								
<b>At 31 December 2009</b>	<b>48,314,193</b>	<b>11,740,488</b>	<b>1,197,325</b>	<b>2,291,580</b>	<b>458,374</b>	<b>1,493,837</b>	<b>96,460</b>	<b>65,592,257</b>
At 31 December 2009	49,637,386	7,629,868	1,082,759	2,522,269	373,225	1,569,511	192,911	63,007,929

6. INTANGIBLE ASSET	2010	2009
Cost	Rs	Rs
At 01 January,	204,516	-
Addition	-	204,516
<b>At 31 December</b>	<b>204,516</b>	<b>204,516</b>
Amortisation		
At 01 January,	51,129	-
Addition	51,129	51,129
<b>At 31 December</b>	<b>102,258</b>	<b>51,129</b>
<b>Net Book Value at 31 December</b>	<b>102,258</b>	<b>153,387</b>

7. INVENTORIES	2010	2009
	Rs	Rs
Student uniforms	1,751,920	1,761,060
Laboratory materials	183,786	144,395
Graduation gowns/hats	-	24,818
	<b>1,935,706</b>	<b>1,930,273</b>

All the above inventories are stated at the lower of cost and net realisable value.

8. TRADE AND OTHER RECEIVABLES	2010	2009
	Rs	Rs
School fees receivable	1,443,685	699,937
Less: Allowance for credit losses	(778,165)	(325,280)
School fees receivable - net	665,520	374,657
Other receivables and prepayments	520,698	701,251
	<b>1,186,218</b>	<b>1,075,908</b>

School fees receivable are not secured and non-interest bearing and are payable in advance. At 31 December 2010, school fees receivable at nominal value of **Rs 778,165** (2009 : Rs 325,280) were impaired and fully provided for.

Movements in the allowance for credit losses were as follows:

	2010	2009
	Rs	Rs
At 01 January	325,280	484,940
Write off of receivables provided for in previous years	-	(269,210)
Provision for the year	452,885	109,550
<b>At 31 December</b>	<b>778,165</b>	<b>325,280</b>

At 31 December 2010, the ageing analysis of School fees receivable is as follows:

	Total	Past due but not impaired			
		< 30 days	30 - 60 days	60 - 90 days	> 90 days
	Rs	Rs	Rs	Rs	Rs
2010	665,520	-	502,550	75,100	87,870
2009	374,657	-	34,940	30,760	308,957

9. TERTIARY SCHOLARSHIP FUND

	2010	2009
	Rs	Rs
At 01 January	985,005	868,442
Scholarships refunded during the year	-	208,883
Interest received/(paid)	4,678	(1,572)
Gain/(loss) on Exchange	9,392	(42,913)
Scholarships paid during the year	<b>(143,573)</b>	<b>(47,835)</b>
At 31 December	<b>855,502</b>	<b>985,005</b>

10. CASH AND CASH EQUIVALENTS

	2010	2009
	Rs	Rs
Cash at bank -Tertiary Scholarship Fund (note9)	855,502	985,005
Cash at bank and in hand	6,320,912	11,803,326
Bank overdraft (note 14)	<b>(185,222)</b>	<b>(6,107,933)</b>
	<b>6,991,192</b>	<b>6,680,398</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

11. ISSUED CAPITAL

	2010		2009	
	Number of shares	Rs	Number of shares	Rs
<u>Authorised:</u>				
Ordinary shares of Rs 50,000 each	200	10,000,000	200	10,000,000
<u>Issued:</u>				
Fully paid	134	6,700,000	134	6,700,000
Partly paid	10	250,000	10	250,000
Ordinary shares of Rs 50,000 each	<b>144</b>	<b>6,950,000</b>	<b>144</b>	<b>6,950,000</b>

The partly paid shares are in respect of 10 ordinary shares for which Rs 25,000 per share have been paid. The remaining Rs 25,000 per share is still outstanding.

12. RETIREMENT BENEFIT OBLIGATIONS

	2010	2009
	Rs	Rs
Funded obligation (note 12 (a) - (h))	2,517,000	2,749,000
Unfunded obligation (note 12 (i) - (m))	1,358,000	1,252,000
	<b>3,875,000</b>	<b>4,001,000</b>

(a) The assets of the fund are held independently and administered by CIM Insurance Company Limited.

12. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) The liability recognised in the statement of financial position in respect of funded obligations are:

	2010	2009
	Rs	Rs
Present value of funded obligations	1,709,000	399,000
Fair value of plan assets	<u>(1,564,000)</u>	<u>(1,486,000)</u>
	145,000	(1,087,000)
Unrecognised actuarial gain	<u>2,372,000</u>	<u>3,836,000</u>
Liability in the statement of financial position	<u><u>2,517,000</u></u>	<u><u>2,749,000</u></u>

Movement in the liability recognised in the statement of financial position:

	2010	2009
	Rs	Rs
At 01 January	2,749,000	3,117,000
Total expense as below	<u>(232,000)</u>	<u>(368,000)</u>
At 31 December	<u><u>2,517,000</u></u>	<u><u>2,749,000</u></u>

(c) The amounts recognised in the statement of comprehensive income are as follows:

	2010	2009
	Rs	Rs
Current service cost	99,000	23,000
Interest cost	42,000	44,000
Expected return on plan assets	(156,000)	(158,000)
Actuarial gain recognised	<u>(217,000)</u>	<u>(277,000)</u>
Net benefit expense (included in staff costs)	<u><u>(232,000)</u></u>	<u><u>(368,000)</u></u>

(d) Changes in the present value of the funded obligations are as follows:

	2010	2009
	Rs	Rs
Present value of funded benefit obligations at 01 January	399,000	500,000
Current service cost	99,000	23,000
Interest cost	42,000	44,000
Benefits paid	-	(171,000)
Liability gain	<u>1,169,000</u>	<u>3,000</u>
Present value of funded obligations at 31 December	<u><u>1,709,000</u></u>	<u><u>399,000</u></u>

12. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(e) Changes in the fair value of plan assets are as follows:

	2010	2009
	Rs	Rs
Fair value of plan assets at 01 January	1,486,000	1,589,000
Expected return on plan assets	156,000	158,000
Benefits paid	-	(171,000)
Actuarial (loss)/gain	(78,000)	(90,000)
Fair value of plan assets at 31 December	<b>1,564,000</b>	1,486,000

(f) The main categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2010	2009
	%	%
Local equities	22	8
Local bonds	21	25
Property	9	11
Loans and fixed deposits	13	16
Overseas bonds and equities	30	21
Cash and other	5	19
Total market value of assets	<b>100</b>	100

(g) The principal actuarial assumptions used were as follows:

	2010	2009
	%	%
Discount rate	10.00	10.50
Expected rate of return on plan assets	10.00	10.50
Future salary increases	9.00	9.00
Future pension increase	-	-

(h) Amounts in respect of funded obligations for the current and previous three periods are as follows:

	2010	2009	2008	2007
	Rs	Rs	Rs	Rs
Present value of funded obligations	(1,709,000)	(399,000)	(500,000)	(445,000)
Fair value of plan assets	1,564,000	1,486,000	1,589,000	1,494,000
(Deficit)/Surplus	<b>(145,000)</b>	1,087,000	1,089,000	1,049,000
Experience adjustments on plan liabilities	<b>(1,169,000)</b>	(3,000)	23,000	317,000
Experience adjustments on plan assets	<b>(78,000)</b>	(90,000)	(62,000)	33,000

12. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(i) The amounts recognised in the statement of financial position in respect of unfunded obligations are as follows:

	2010	2009
	Rs	Rs
Present value of unfunded obligations	634,000	620,000
Unrecognised actuarial gain	724,000	632,000
Liability in the statement of financial position	<u>1,358,000</u>	<u>1,252,000</u>

Movement in the liability recognised in the statement of financial position:

	2010	2009
	Rs	Rs
At 01 January	1,252,000	2,189,000
Total benefit/expenses (as below)	106,000	(766,000)
Benefits paid	-	(171,000)
At 31 December	<u>1,358,000</u>	<u>1,252,000</u>

(j) The amounts recognised in the statement of comprehensive income are as follows:

	2010	2009
	Rs	Rs
Current service cost	88,000	92,000
Interest cost	65,000	141,000
Curtailement gain	-	(958,000)
Net actuarial gains recognised in the year	(47,000)	(41,000)
Net benefit expense (included in staff costs)	<u>106,000</u>	<u>(766,000)</u>

(k) Changes in the present value of the unfunded obligations are as follows:

	2010	2009
	Rs	Rs
Present value of unfunded obligations at 01 January	620,000	1,429,000
Interest cost	65,000	141,000
Current service cost	88,000	92,000
Curtailement gain	-	(629,000)
Benefits paid	-	(171,000)
Liability gain	(139,000)	(242,000)
Present value of unfunded obligations at 31 December	<u>634,000</u>	<u>620,000</u>

12. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(l) The principal actuarial assumptions used for accounting purposes were:

	2010	2009
	%	%
Discount rate	10.00	10.50
Future salary increases	9.00	9.00

(m) Amounts in respect of unfunded obligations for the current and previous three periods are as follows:

	2010	2009	2008	2007
	Rs	Rs	Rs	Rs
Present value of unfunded obligations	(634,000)	(620,000)	(1,429,000)	(1,591,000)
Experience adjustments on plan liabilities	154,000	242,000	538,000	109,000

13. TRADE AND OTHER PAYABLES

	2010	2009
	Rs	Rs
School fees and book rentals received in advance	9,349,942	9,337,439
Other creditors and accruals	6,364,649	4,914,712
	15,714,591	14,252,151

Terms and conditions of the above financial liabilities:

Other creditors are non-interest bearing and have an average term of one month.

14. INTEREST-BEARING BORROWINGS

	Effective interest rate	Maturity	2010	2009
Current	%		Rs	Rs
Bank overdraft	7.25	On demand	185,222	6,107,933
			185,222	6,107,933

The bank overdraft is secured by floating charges on the company's assets.

15. TAXATION

The Company is a not-for-profit company and is exempt from income tax.

16. FEES	2010	2009
	Rs	Rs
School fees	79,812,146	75,509,065
Capital levy	4,145,531	4,442,820
Entrance exams	75,000	57,500
SAT exams	23,229	23,959
	<b>84,055,906</b>	<b>80,033,344</b>
	<b>2010</b>	<b>2009</b>
	Rs	Rs
17. OTHER OPERATING INCOME		
Book rentals	2,323,927	1,841,549
Others	1,287,265	199,097
	<b>3,611,192</b>	<b>2,040,646</b>
	<b>2010</b>	<b>2009</b>
	Rs	Rs
18. OPERATING SURPLUS		
The following items have been charged in arriving at the operating surplus:		
Depreciation (Note 5)	6,339,268	5,643,759
Amortisation (Note 6)	51,129	51,129
Staff costs (Note 19)	48,953,521	44,341,790
Repairs and maintenance	3,212,400	2,717,971
Allowance for credit losses	505,085	109,550
Auditors' remuneration	181,700	165,969
	<b>6,339,268</b>	<b>5,643,759</b>
	<b>2010</b>	<b>2009</b>
	Rs	Rs
19. STAFF COSTS		
Salaries and related costs	45,705,291	42,867,279
Social security costs	1,047,313	917,378
Pension costs - defined benefit scheme - funded (Note 12)	(232,000)	(368,000)
- unfunded (Note 12)	106,000	(766,000)
- defined contribution scheme	2,326,917	1,691,133
	<b>48,953,521</b>	<b>44,341,790</b>
The number of employees at end of the year was 101 (2009: 100).		
20. FINANCE INCOME	2010	2009
	Rs	Rs
Interest on bank balance	502,240	404,021
	<b>2010</b>	<b>2009</b>
	Rs	Rs
21. FINANCE COSTS		
Interest on bank overdrafts	144,652	41,784
Interest on debentures	-	822,253
	<b>144,652</b>	<b>864,037</b>

**22. RELATED PARTY TRANSACTIONS**

The Company did not trade with any related party during the year (2009 - nil).

**23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal liabilities comprise interest-bearing borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has financial assets comprising trade and other receivables and cash and short term deposits that derive directly from its operations.

The Company is exposed to interest rate risk, credit risk, liquidity risk and fair value risk. Management oversees the management of these risks whilst the Board of directors reviews, advises and agrees policies for managing each of these risks which are summarised below:

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk related to its overdraft which bears interest at variable rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's surplus for the year (through the impact of variable rate borrowing).

	Increase/ decrease in basis points	Effect on surplus for the year
		Rs
<b>2010</b>		
Interest-bearing borrowings	100	1,852
<b>2009</b>		
Interest-bearing borrowings	100	61,079

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risk is primarily attributable to its school fees receivable. The amounts presented in the statement of financial position are net of allowances for credit losses, estimated by the Company's management based on prior experience and the current economic environment. Note 8 sets out the ageing analysis of the school fees receivable.

The Company has no significant concentration of credit risk, with exposure spread over a large number of clients.

With respect to credit risk arising from other financial assets of the Company, which comprise of cash and cash equivalents and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Company's objective is to maintain flexibility between continuity of funding and flexibility through the use of bank overdraft and bank loans.

The table below provides an analysis of the maturity profile of financial liabilities as at 31 December 2010 and 2009:

2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Interest-bearing borrowings	185,222	-	-	-	-	185,222
Trade and other payables	-	6,364,649	-	-	-	6,364,649
	<b>185,222</b>	<b>6,364,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,549,871</b>
2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Interest-bearing borrowings	6,107,933	-	-	-	-	6,107,933
Trade and other payables	-	3,972,649	942,063	-	-	4,914,712
	<b>6,107,933</b>	<b>3,972,649</b>	<b>942,063</b>	<b>-</b>	<b>-</b>	<b>20,360,084</b>

**Fair values**

The carrying amounts of trade and other receivables, cash at bank and in hand, interest-bearing borrowings and trade and other payables approximate their fair values.