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THE MULBERRY BUSH SCHOOL LIMITED

ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1999

REGISTERED COMPANY NO: 538828

REGISTERED CHARITY NO: 309565



THE MULBERRY BUSH SCHOOL LIMITED

Registered Office:

The Mulberry Bush School Limited
Standlake
Witney
Oxon
OX8 7RW

Director:

Richard Rollinson, MSc, CQSW

Bankers:

National Westminster Bank plc
21 High Street
Witney
Oxon

Solicitors:

Herbert Mallam Gowers
126 High Street
Oxford

Auditors:

Critchleys
Chartered Accountants
Avalon House
Marcham Road
Abingdon
Oxon
OX14 1UD

THE MULBERRY BUSH SCHOOL LIMITED

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FOR THE YEAR ENDED 31 AUGUST 1999

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THE MULBERRY BUSH SCHOOL LIMITED

REPORT OF THE MANAGERS

The managers present their report and audited accounts for the year ended 31 August 1999.

The managers during the year ended 31 August 1999 were :-

ATKINSON, Judith	Psychiatric Social Worker	
AUSTIN, Mark	Educational Psychologist	
BANFIELD, Helen	Teacher	(Resigned)
BLAIR, Ian	Physicist	LEA Representative
BLOM-COOPER, Lady	Justice of the Peace, Family and Youth Court	(Resigned)
BRITTAIN, Mrs Deborah	Musician/Teacher of Music	
BURT, Mrs Virginia	Ancillary Staff Manager	
* CRAGGS, Dennis	Chartered Accountant	
* DENMAN CBE, Mrs Sylvia	Lawyer	
DOUGLAS, James	Lecturer in Social Work	
GRIST, Malcolm	Parent Manager	(Resigned)
HOLDITCH, Mrs Lesley	Educational Psychologist	Chair, Education & Treatment Committee
GRAHAM, Dr Richard	Consultant Child Psychiatrist	
JAMES, Dr Elisabeth	Consultant Child Psychiatrist	
LUCAS, Mrs Margarete	Residential Social Worker Manager	
MASON, David	Author	(Appointed February 1999)
* ROBERTS, Nigel T	Teacher (retired)	Chair, Staffing Sub-Committee
* ROGERS, Mrs Eva	Botanist	
SMITH, Elaine	Lawyer/Lecturer in Management Professional Studies	Vice-Chair
* WILSON, Guy	Solicitor	Chair

* Also members of Finance and General Purposes Committee.

No other person has been a manager during this period.

The company has no share capital and consequently none of the managers or members have any interest in any shares of the company.

The liability of the managers and members is limited to the extent of £1 each in the event of the company being wound up.

Activity

The principal activity of the company is the operating of a school at Standlake, Oxfordshire for children of primary school age with severe emotional and behavioural problems.

In the year to 31 August 1998 the members of the school entered into an agreement with the Tavistock Clinic. Under the terms of this agreement the Mulberry Bush School employs teaching staff at the Tavistock Day Unit and is reimbursed for their services. The Tavistock Day Unit educates and treats children with behavioural problems who attend the Unit on a daily basis.

THE MULBERRY BUSH SCHOOL LIMITED
REPORT OF THE MANAGERS (CONTINUED)

Annual Income and Expenditure Review

It is encouraging to report for a further year that the financial position of the school continues to be sound and we have achieved our financial targets. Occupancy was maintained at a satisfactory level and income in respect of education and childcare increased by 14% to £1,772,782. We continue to provide real value for money in the service that we provide through devoting increasing resources to the task, increasing our payroll cost over the year by 27%. Consequently we again retained a modest surplus on our general funds of £31,038 after charging £41,370 written off freehold property demolished during the redevelopment.

We also recorded income of £779,127 from development grants, donations and fund raising events. This is a measure of the continued generous financial support of many individuals and charitable trusts committed to support not only redevelopment of the school but also its day to day activities such as in the work of the Family Care team. During the year, a further £549,000 was spent on the redevelopment programme, including £388,000 for Jigsaw House, bringing the total spent to date up to £1,559,000. Work is now in hand on further phases of the development.

State of Affairs and Future Developments

Enquiries and referrals of appropriate children have continued at healthy levels, not least because of the diligent work undertaken within and without the School to keep the name of the Mulberry Bush and the profile of its work very high in public consciousness. Thankfully, this year Central Government itself has also maintained a very keen interest in this area of policy and provision for children with special needs. Hence our very positive OFSTED Inspection and Report in April, which emphasised the strength, stability and relevance of our service, came at a very opportune time. It has further strengthened our ability to assist Government Departments to plan and develop their guidance to Local Authorities about the care and education of children with severe emotional difficulties. Such recognition is also a valuable and deserved tribute to the creativity, imagination and commitment of staff and other people associated with the School who bring the breadth of their knowledge and experiences fully into their work, whether with the children or in support of our activity.

The School Business and Institutional Development Plan has now completed its first five year cycle. The new and fully revised one records an impressive number of achievements across that period, achievements which have brought the School an enormous distance along the path it had set out on when first it articulated its vision for change and development. The full detail of that review is available in the Business Plan for the year 2000. However, it is worth recording here that the completion of Jigsaw House in the summer term marked the complete realisation of our plan for four purpose-built houses in which all the children in carefully selected small groups could live during term times. As of this time, there are no longer any children living in dormitories at the School. This is a major watershed in our development of the School and it has significantly shifted the way in which we can now plan and introduce further developments in our task of helping the children learn to live with themselves and with other people.

Already the redevelopment work has begun on the Education and Administrative areas of the School, and there is a clear phased plan in place for completing this work. The continuing successful efforts in fund raising have allowed us to plan with confidence for these equally necessary developments. Indeed, it is our hope that long before the end of the coming academic year the target of £2.4M which is now needed will be met in full.

THE MULBERRY BUSH SCHOOL LIMITED
REPORT OF THE MANAGERS (CONTINUED)

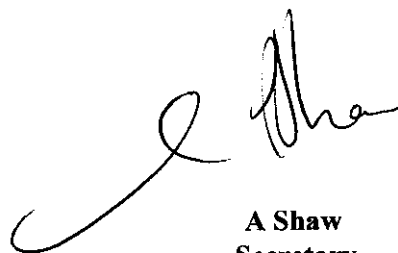
State of Affairs and Future Developments (Continued)

Alongside the activities in our direct work, fund raising and public relations, we continue to think carefully about the future and about how the School will continue to face both the well known and the less known challenges it will encounter. Of course, in terms of future situations some things will always remain uncertain, unforeseeable; however, the one thing that is certain is the fact that now the School has many solid foundations, physical and organisational, which will help it to meet those challenges effectively.

Auditors

Critchleys, Chartered Accountants, have indicated their willingness to remain as auditors to the company and offer themselves for re-appointment at the Annual General Meeting at a fee to be agreed with the managers.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'A Shaw', is written over the printed name and title.

A Shaw
Secretary

13 November 1999

AUDITORS' REPORT
TO THE MEMBERS OF
THE MULBERRY BUSH SCHOOL LIMITED

We have audited the accounts on pages 5 to 13.

Respective Responsibilities of Managers and Auditors

As described on page 8 the company's managers are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

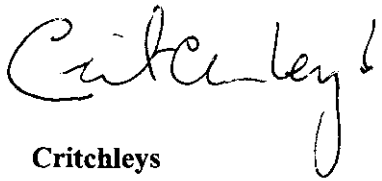
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the managers in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the charitable company's affairs at 31 August 1999 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ABINGDON
17 January 2000


Critchleys
Chartered Accountants
Registered Auditors

THE MULBERRY BUSH SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 1999

	1999 Total £	Unrestricted Funds General Fund £	Restricted/Designated Funds Note 10 Development Fund £	Other Funds £	1998 Total £
Incoming Resources					
Income in respect of education and child care	1772782	1772782	-	-	1551812
Development grants, donations and fund raising events	779127	6435	612959	159733	807985
Investment Income	15729	9426	5481	822	18909
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2567638	1788643	618440	160555	2378706
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Resources Expended					
Direct Charitable Expenditure					
Education and Child Care					
Teaching and boarding expenses	1417591	1307918	-	109673	1180717
Property and administration expenses	370643	370643	-	-	441991
Amounts written off freehold property (Note 5)	41370	41370	-	-	52335
Other Expenditure					
Fund raising	23540	-	23540	-	27535
Cost of fund raising events	17844	-	-	17844	26076
Management and Administration of the Charity	37674	37674	-	-	34272
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1908662	1757605	23540	127517	1762926
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Incoming Resources (Note 3)	658976	31038	594900	33038	615780
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transfers	-	-	19977	(19977)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Movement in Funds for the Year	658976	31038	614877	13061	615780
Accumulated Funds brought forward	1565722	287509	1160211	118002	949942
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Funds carried forward	2224698	318547	1775088	131063	1565722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Analysis of Net Assets Between Funds					
Cumulative expenditure on tangible fixed assets	1815579	255832	1559747	-	1309671
Net Current Assets	409119	62715	215341	131063	256051
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2224698	318547	1775088	131063	1565722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

There are no gains or losses other than the reported surplus for the year.

All activities are of a continuing nature.

THE MULBERRY BUSH SCHOOL LIMITED

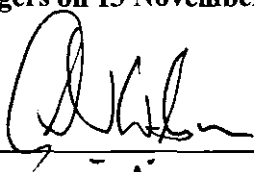
BALANCE SHEET

AT 31 AUGUST 1999

	Note	1999 £	1998 £
Fixed Assets			
Tangible Assets	2(c) & 6.	1815579	1309671
Current Assets			
Stock	7.	2250	2250
Debtors and Prepayments	8.	14509	14221
Cash at Bank and in Hand		754096	584715
		<hr/>	<hr/>
		770855	601186
		<hr/>	<hr/>
Current Liabilities			
Amounts falling due within one year :-			
Creditors	9.	165026	147260
Income in Advance		196710	197875
		<hr/>	<hr/>
		361736	345135
		<hr/>	<hr/>
Net Current Assets		409119	256051
		<hr/>	<hr/>
Total Assets less Current Liabilities		2224698	1565722
		<hr/>	<hr/>
Financed by :-			
Accumulated Funds (page 5)		2224698	1565722
		<hr/>	<hr/>

The accounts were approved by the Managers on 13 November 1999.

G Wilson



Chair

D Craggs



Hon Treasurer

THE MULBERRY BUSH SCHOOL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 1999

	Note	1999		1998	
		£	£	£	£
Net Cash Inflow from Operating Activities	1.		677017		772449
Investing Activities					
Purchase of Tangible Fixed Assets		549006		642603	
Tangible Fixed Assets disposed of		41370		(52335)	
Net Cash Outflow from Investing Activities			(507636)		(590268)
Increase in Cash and Cash Equivalents	2.		169381		182181
Cash and Cash Equivalents at 1 September 1998			584715		402534
Cash and Cash Equivalents at 31 August 1999			754096		584715

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of Changes in Resources to Net Cash Inflow from Operating Activities		1999	1998
		£	£
Changes in Resources		658976	615780
Depreciation		1728	2304
Increase in Creditors		16601	121085
(Increase)/Decrease in Debtors		(288)	33280
		<hr/>	<hr/>
		677017	772449
		<hr/>	<hr/>
2. Analysis of Changes in Cash and Cash Equivalents during the Year			
	1999	1998	Change in
	£	£	Year
			£
Cash at Bank and in Hand	754096	584715	169381

THE MULBERRY BUSH SCHOOL LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 AUGUST 1999****1. Managers' Responsibilities**

Company law requires the managers to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the results of the company for that period. In preparing those accounts the managers are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The managers 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 accounts comply with the Companies Act 1985. 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.

2. Accounting Policies**(a) Accounting Convention**

The accounts have been prepared under the historical cost convention.

There were no acquisitions or discontinued activities during the year.

(b) Income

Development grants and donations are accounted for when received. Income either restricted or designated for use for special purposes, such as the school development programme, is accounted for through separate funds.

(c) Tangible Fixed Assets

No depreciation is provided on freehold land and buildings or furniture and equipment. Although the Companies Act 1985 requires a charge for depreciation to be made on fixed assets having a finite life, the buildings in use by the school are an important part of the character of the school and consequently the managers ensure that they are fully maintained in order that their useful life be extended indefinitely. It is therefore considered inappropriate to charge depreciation in these circumstances. All expenditure on the major redevelopment of the school buildings, including related furniture and equipment, is being capitalised. Otherwise replacements, refurbishments and routine additions to furniture and equipment are charged to revenue.

(d) Stock

Stock is stated at the cost of the estimated amounts held at the balance sheet date.

(e) Pension Costs

Non-teaching staff contribute to independently administered personal pension schemes. The pension cost charge represents contributions by the company to these schemes, which are recognised when they become payable.

Teaching staff contribute to a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested by the Department of Education. Contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the company, and are determined by a qualified actuary.

THE MULBERRY BUSH SCHOOL LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1999

2. Accounting Policies (Continued)

(f) Leased Assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities as incurred.

3. Net Incoming Resources	1999	1998
	£	£
This is stated after charging :-		
Managers Emoluments	Nil	Nil
Depreciation	1728	2304
Auditors' Remuneration	2500	2405
	<hr/>	<hr/>

4. Employees	1999	1998
	£	£
Costs :-		
Salaries and Wages	1318194	1101984
National Insurance	109991	92403
Pension Costs - non-teaching staff	38056	32174
teaching staff	21519	19931
	<hr/>	<hr/>
	1487760	1246492
	<hr/>	<hr/>

These amounts include salaries of £40,953 (1998 : £105,139) for staff at the Tavistock Clinic which are recharged to the Clinic at cost.

During the year, £140 was reimbursed to four managers in respect of travel and other incidental expenses.

One employees emoluments fall within the band of £40,000 - £50,000 for the year.

Average Number of Persons Employed	1999	1998
Teaching and Residential Care	52	48
Domestic	17	15
Administration	2	2
	<hr/>	<hr/>
	71	65
	<hr/>	<hr/>

THE MULBERRY BUSH SCHOOL LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1999

5. Amounts written off Freehold Property	1999 £	1998 £
This represents the cost of property demolished as part of the redevelopment plan	41370	52335
	<u> </u>	<u> </u>

6. Tangible Fixed Assets	Freehold Land and Buildings		Furniture and Equipment		Motor Vehicles	Total
	New Development £	Original £	New Development £	Original £	£	£
Cost:						
At 1 September 1998	955961	272643	54780	19376	52518	1355278
Additions in year	507287	-	41719	-	-	549006
Amounts written off	-	(41370)	-	-	-	(41370)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 1999	1463248	231273	96499	19376	52518	1862914
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:						
At 1 September 1998	-	-	-	-	45607	45607
Charge for the year	-	-	-	-	1728	1728
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 1999	-	-	-	-	47335	47335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Book Value:						
At 31 August 1999	1463248	231273	96499	19376	5183	1815579
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 1998	955961	272643	54780	19376	6911	1309671
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Depreciation on fixed assets is provided as follows :-

Land and Buildings
Furniture and Equipment
Motor Vehicles

No depreciation is provided (note 2C)
No depreciation is provided (note 2C)
25% on reducing balance

THE MULBERRY BUSH SCHOOL LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1999

7. Stock	1999	1998
	£	£
Food	1500	1500
Oil	750	750
	<hr/>	<hr/>
	2250	2250
	<hr/>	<hr/>
 8. Debtors	 1999	 1998
	£	£
Amounts due in respect of fees outstanding	11957	5470
Prepayments	2055	3800
Other debtors	497	4951
	<hr/>	<hr/>
	14509	14221
	<hr/>	<hr/>
 9. Creditors	 1999	 1998
	£	£
Operating Creditors	36623	31534
Other Taxation and Social Security	35801	33703
Other Creditors	6218	6297
Accruals and Deferred Income	86384	75726
	<hr/>	<hr/>
	165026	147260
	<hr/>	<hr/>

THE MULBERRY BUSH SCHOOL LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1999

10. Restricted/Designated Funds

The Development Fund is credited with grants and donations received towards a major redevelopment of the School's accommodation. Costs of fund raising and certain revenue expenditure have been charged to the fund. Following commencement of building work, development costs are now capitalised.

An analysis of the other restricted/designated funds is:

	1999 Total £	Repair Fund £	Diaspora Fund £	Family Care Team Fund £	50th Anniversary Fund £
Income					
Donations and Fund Raising Events	159733	-	150	137132	22451
Investment Income	822	822	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Income	160555	822	150	137132	22451
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure					
Teaching and Boarding	109673	-	1140	108533	-
Cost of Fund Raising Events	17844	-	-	-	17844
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue Expenditure	127517	-	1140	108533	17844
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus of Income over Expenditure	33038	822	(990)	28599	4607
Transfer	(19977)		-	-	(19977)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Retained in the year for future use	13061	822	(990)	28599	(15370)
Brought forward	118002	40019	3325	59288	15370
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carried forward	131063	40841	2335	87887	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Repair Fund is retained to meet the cost of major repairs.

The Diaspora fund was set up to provide support to former pupils.

The Family Care Fund is credited with donations intended to fund work with families of pupils at the school.

The Anniversary Fund is credited with donations and revenues from fund raising and other events held to celebrate the 50th Anniversary of the school in 1998. Any surplus from such events is transferred to the Development Fund when the events have been held and all costs and revenues accounted for.

THE MULBERRY BUSH SCHOOL LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1999

11. Post Balance Sheet Events and Capital Commitments

The school has as a stated objective the development of 'small group living'. To achieve this the school has prepared a development plan for the modernisation of school buildings. However, before any development occurs the managers ensure that there are sufficient funds or other finance facilities available to complete each phase of the development programme. As at 31 August 1999, there was approximately £13,000 in respect of committed costs not yet incurred in respect of phase four of the development. In September 1999, the School entered into a further contract for £275,000 (including VAT) in respect of phase five of the development.

12. Commitments Under Operating Leases

**Annual amounts payable in respect of operating
leases which expire:**

**Land and
Buildings
£**

Within one year

21240
