

Report of the Directors and
Financial Statements
for the year ended 31 August 2004
for
Heathfield School (Limited by Guarantee)



Heathfield School (Limited by Guarantee)

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Heathfield School (Limited by Guarantee)

Company Information

For the year ended 31 August 2004

DIRECTORS:

Mrs S V Tulk-Hart
Miss H N Campbell
Mr T Cross Brown
Mr A L Deal
Mrs C E Deedes
Mrs J A Dollar
Mr R T J Wreford
Mrs A H Palmer
Mrs F A Olesen
Rev W B Pugh
Mr R B Gregory
Mr J C B Sutherell

SECRETARY:

Mr J M J Bueno

REGISTERED OFFICE:

The Bursar's Office
Heathfield School
London Road
Ascot
Berkshire
SL5 8BQ

REGISTERED NUMBER:

556463 (England and Wales)

CHARITY REGISTERED NUMBER:

309086

AUDITORS:

Pridie Brewster
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS

SOLICITORS:

Veale Wasbrough
Orchard Court
Orchard Lane
Bristol
BS1 5WS

BANKERS:

Barclays Bank Plc
19 High Street
Ascot
Berkshire
SL5 7LB

Heathfield School (Limited by Guarantee)
Financial Statements
For the year ended 31 August 2004
Report of the Directors

The directors (who are the Members of Council and who also act as trustees) submit herewith their Report and Accounts for the year ended 31 August 2004.

Status

The organisation is a charitable company limited by guarantee, incorporated on 26 October 1955 and registered as a charity on 17 October 1963. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles the members of the council are elected at the Annual General Meeting and each year the longest serving one-third of council members will be retired by rotation. The number of serving trustees is between three and fifteen.

The objects for which the Association is established are:

- a) To carry on, whether in the UK or abroad, a school or schools where girl students may obtain a sound education of the highest order;
- b) To act without remuneration as a trust corporation in relation to charitable, ecclesiastical or public trusts;
- c) To provide prizes, scholarships and exhibitions for students;
- d) To provide any accommodation deemed desirable for pupils and employees of the school.

These are set out in the school's governing document - the Memorandum and Articles of Association of Heathfield School dated 26 October 1955 as amended 13 November 2002.

Policy

The school's policy is to enable the girls to attain their full potential, both in academic and non academic activities.

Organisation

The directors determine the general policy of the school. The Headmistress and the Bursar control the daily management of the school.

Activities

Heathfield School is a company limited by guarantee having no share capital and was incorporated on 26 October 1955.

The company is a Registered Charity, No. 309086, which operates as a non-profit making body and runs a girls' school at Heathfield, Ascot, Berkshire.

Review of business

Staff Appointments

Mrs Frances King was appointed Headmistress in September 2003. Mrs King's career to date has included appointments as Deputy Head of St Mary's, Ascot, Head of Senior School at Tormead and Head of Department at Francis Holland and Lady Eleanor Holles. She read Theology at Oxford and went on to obtain her PGCE and an MA in Philosophy and Religion from University of London. She has recently completed an MBA in Education.

Mr John Bueno was appointed as Bursar in August 2004.

Financial

The accounts for the year show a surplus of income over expenditure of £292,055 (2003: £327,669). As a registered Charity all surpluses are applied for the benefit of the school.

This surplus has been arrived at without taking into account the expenditure in the year of £362,335 (2003: £216,133) on capital improvements. The Directors are of the opinion that the reserves on the Income and Expenditure account of £2,695,723 (2003: £2,503,668) are sufficient to meet the school's obligations for the foreseeable future.

The school continues to expend significant amounts on maintenance to keep the buildings in good order and provide an appropriate attractive learning environment for pupils and staff.

Exam Results

In 2004 the school achieved its best ever examination results and was rated top in a league table for all secondary schools in the local area. At GCSE 100% passed, with nearly 90% of passes at A* - B grades. At A Level 78% scored A-B grades (73% in 2003) with 51% of these passes at A grades (40% in 2003).

Heathfield School (Limited by Guarantee)
Financial Statements
For the year ended 31 August 2004
Report of the Directors

Heathfield in the Community

The school continues to involve itself in the local community in a number of ways. Six outside organisations use the swimming pool to teach swimming and for training towards selection for National Teams. Two organisations use the Sports Hall for training in Dance and Ballet. The local parish holds their annual Parish Party in the school grounds.

The school has links with the local community and beyond, supporting this through community work and fund raising. The school works closely with Portesbery School for the Disabled, hosting various events throughout the year for its children and staff. About thirty girls are involved in the Duke of Edinburgh Award Scheme and through this are involved in community service including visiting the old and assisting with handicapped children.

The school has a longstanding link with St Saviours Priory in the East End to which financial support is sent. The Priory supports the school with their prayers and provides the opportunity for school retreats; we are looking forward to the opportunity of extending this link. Other fund raising activities are held throughout the year aimed at raising funds for national and international charities. In 2004 £15,204 was raised by pupils, staff and parents.

International Links

The school is linked with schools in Paris and Southern Germany and the girls are encouraged to take part in trips to Paris, Barcelona and Amsterdam as part of their curriculum.

The choir tours annually, with the 2004 trip to St Petersburg and Rome in 2005.

The majority of Upper Sixth leavers use their gap year helping in charity work abroad. The school supports directly a school in southern India through the Flip Fund, founded in memory of a pupil at Heathfield.

The Fellowship

The Heathfield Fellowship continues to raise money to enable daughters of old girls to attend the school, and contributes towards other charities including Flip's Fund.

Inspections

An inspection was carried out by the Commission for Social Care Inspection in April 2004. The first inspection to be carried out since the introduction of the National Minimum Standards for Boarding Welfare, Heathfield was found to have "demonstrated a clear commitment to meeting the National Minimum Standards and a desire to exceed them".

Numbers

Numbers in the school remained consistent at 221 throughout the year.

Directors and trustees

The Members of the Council are listed below, and held office throughout the year under review except where noted.

Mrs S V Tulk Hart* (Chairman of the Council)
Mr T Cross Brown (Vice-Chairman)
Miss H N Campbell
Mr A Deal *
Mrs C E Deedes
Mrs J A Dollar*
Mr A H Monro (resigned 22.03.04)
Mr R T Wreford* (Chairman of the General Purposes Committee)
Mrs A Palmer (resigned 17.02.05)
Mrs F Olesen
Rev W B Pugh
Mr R B Gregory
Mr J C B Sutherell * + (appointed 01.01.04)

*Member of the General Purposes Committee
+Parent of pupil

Heathfield School (Limited by Guarantee)
Financial Statements
For the year ended 31 August 2004
Report of the Directors

Rotation of directors

Mr R Wreford, Mrs S V Tulk Hart, and Mr A Deal retire by rotation and, being eligible, offer themselves for re-election.

Risk management

As part of the school's Risk Management programme, the Governors have formed a sub-committee to consider all possible risks to the future of the business. As a result certain areas of risk have been identified and actions have been put in place to avert and overcome any such eventualities.

Investment Powers

The management committee has the power to invest monies of the charity not immediately required for its purposes in or upon such investments securities or property as may be thought fit.

Grant Making Policy

This year the charity awarded sponsorships and bursaries in excess of £109,000 (2003:£70,000). The trustees' policy is to award scholarships on the basis of outstanding academic ability and bursaries on the basis of providing financial support.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial statements. 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;
- Prepare the financial statements on the "going concern" basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities. The directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts comply with Heathfield's Memorandum and Articles of Association.

Staff

The Directors wish to express their gratitude to the Headmistress, the Bursar and all other members of the Staff for their continued dedication to the interests of the pupils of Heathfield School.

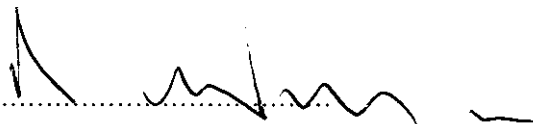
Funding

The Trustees are satisfied that the charity's assets attributable to each of its individual funds are available and adequate to fulfill its obligations in relation to those funds,

Auditors

Pridie Brewster offer themselves for reappointment as auditors within section 385 of the Companies Act 1985.

BY ORDER OF THE DIRECTORS


.....
Trustee

.....
12th April 2005
Date

Heathfield School (Limited by Guarantee)
Financial Statements
For the year ended 31 August 2004
Report of the Auditors

We have audited the financial statements on pages 6 to 16, which have been prepared under the historical cost convention, and the accounting policies set out on pages 6 and 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 4, the Company's directors (who are trustees for the purpose of charity law) are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2004 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pridie Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS

Pridie Brewster

Date : *12/4/05*

Heathfield School (Limited by Guarantee)

Accounting Policies

For the year ended 31 August 2004

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with The Charities (Accounts and Reports) Regulations 2000 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000 (Sorp) and with applicable accounting standards.

The principal accounting policies of the company are set out below.

INCOME

Fees receivable

These represent fees charged to pupils with incidental fees and disbursements disclosed separately and are accounted for in the period in which the service is provided.

Donations

All monetary donations are included in full in the statement of financial activities when received, provided that there are no donor - imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Grants receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable and transferred to unrestricted funds up to the level of expenditure incurred. Depreciation on the fixed assets purchased with such grants is then charged against unrestricted funds.

TANGIBLE FIXED ASSETS

Depreciation is provided on cost less residual value at the following rates in order to write off assets over their estimated useful lives:

| | |
|-----------------------|---------------------------------|
| Freehold buildings | 2% |
| Swimming pool | 3 ¹ / ₃ % |
| Equipment | 20% |
| Motor vehicles | 20% |
| Organ and Grand Piano | 5% |
| Tip Heat | 6 ² / ₃ % |

The Charity holds no inalienable or historic assets.

The policy for depreciating freehold buildings is to provide a charge of 2% on cost less residual value. In accordance with FRS 15 no depreciation has been charged on the school buildings because the residual value exceeds the carrying value. The school has a thorough maintenance programme to keep the buildings in good repair, and an annual insurance review is carried out. This is the basis for an impairment review, and gives no reason to suggest that the insurance valuation is incorrect.

If the residual value of the buildings were to fall below the carrying value, then depreciation would be charged at 2%.

STOCK

Stock is valued at the lower of cost and net realisable value to the school.

BENEFITS IN KIND AND GIFTS

Gifts donated to the school during the year and the value of services provided by the Trustees have not been included in the financial statements.

Heathfield School (Limited by Guarantee)

Accounting Policies

For the year ended 31 August 2004

RESOURCES EXPENDED

Resources expended are recognised in the period in which they are incurred.

GRANTS POLICY

Bursaries from restricted funds are included as expenditure in the period for which the award is given. Bursaries and scholarships from unrestricted funds towards school fees at school are treated as a reduction in those fees.

FUND ACCOUNTING

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds, which have been designated for specific purposes by the Trustees.

RESERVES

The General Reserve is comprised of appropriations made and appeal monies received and applied against capital projects undertaken since 1986. The reserve amounted to £2,299,864 at 31 August 2004.

The playground fund is a specific fund for the purpose of the construction of a playground area. The restricted reserve amounted to £21,490 at 31 August 2004.

A restricted fund for buildings work has been set up with the aim of setting funds aside strictly for use on the schools ten-year building project. The balance on the reserve as at 31 August 2004 was £500,000.

All reserves have been built up over the years to be used in various projects such as the construction of the swimming pool, building of new accommodation and computer facilities for the pupils.

The Trustees have set aside reserves in order to protect the future operations of the charity from the effects of any unforeseen variations in its income stream as part of the policy of good financial management practice.

CONTRIBUTIONS TO PENSION FUNDS

Pensions

The Charity contributes to the Teachers Pension Scheme at rates set by the Teachers Pension Agency, part of the department of education and skills. The Charity also contributes to a defined contribution scheme for non-teaching staff operated by the Pensions' Trust.

Heathfield School (Limited by Guarantee)

Statement of Financial Activities
for the Year Ended 31 August 2004

| | | 31.8.04 | | 31.8.03 | |
|---|-------|--------------------------|----------------------------|------------------|------------------|
| | Notes | Restricted Funds £ | Unrestricted Funds £ | Total £ | £ |
| Incoming Resources | | | | | |
| Donations and gifts | | 5,000 | 12,262 | 17,262 | 48,689 |
| Operating activities: | | | | | |
| Charity objects | 1 | | 4,881,712 | 4,881,712 | 4,539,467 |
| Generating funds | | | 27,868 | 27,868 | 16,935 |
| Investment income | | | 25,466 | 25,466 | 20,875 |
| Other income | | - | <u>7,750</u> | <u>7,750</u> | <u>9,990</u> |
| Total incoming resources | | <u>5,000</u> | <u>4,955,058</u> | <u>4,960,058</u> | <u>4,635,956</u> |
| Less: Resources Expended | | | | | |
| Cost of generating funds | | | | - | - |
| Charitable expenditure: | | | | | |
| Cost of activities for charitable objectives | 2 | 5,000 | 4,282,629 | 4,287,629 | 4,033,482 |
| Support costs | | - | 316,914 | 316,914 | 256,198 |
| Management and administration | | - | <u>63,460</u> | <u>63,460</u> | <u>18,607</u> |
| Total charitable expenditure | 3 | <u>5,000</u> | <u>4,663,003</u> | <u>4,668,003</u> | <u>4,308,287</u> |
| Net incoming resources | | | | | |
| - Net income for the year | | - | 292,055 | 292,055 | 327,669 |
| Gross transfers between funds | | <u>100,000</u> | <u>(100,000)</u> | - | - |
| Net movement in funds | | 100,000 | 192,055 | 292,055 | 327,669 |
| Fund balances brought forward at 1 September 2003 | | <u>421,490</u> | <u>4,803,532</u> | <u>5,225,022</u> | <u>4,897,353</u> |
| Fund balances carried forward at 31 August 2004 | | <u>521,490</u> | <u>4,995,587</u> | <u>5,517,077</u> | <u>5,225,022</u> |

All amounts derive from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities

Heathfield School (Limited by Guarantee)

Balance Sheet
31 August 2004

| | Notes | <u>31.08.04</u> | | <u>31.08.03</u> | |
|---|-------|--------------------|------------------|--------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 8 | | 5,342,479 | | 5,174,930 |
| CURRENT ASSETS: | | | | | |
| Stocks | 9 | 8,050 | | 15,324 | |
| Debtors | 10 | 1,417,959 | | 1,408,421 | |
| Cash at bank and in hand | | <u>856,122</u> | | <u>565,971</u> | |
| | | 2,282,131 | | 1,989,716 | |
| CREDITORS: Amounts falling due within one year | 11 | <u>(1,946,505)</u> | | <u>(1,788,125)</u> | |
| NET CURRENT ASSETS: | | | <u>335,626</u> | | <u>201,591</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 5,678,105 | | 5,376,521 |
| Creditors: | | | | | |
| Amounts falling due after more than one year | 12 | | (158,144) | | (148,615) |
| Provisions for liabilities and charges | 13 | | <u>(2,884)</u> | | <u>(2,884)</u> |
| Net assets | | | <u>5,517,077</u> | | <u>5,225,022</u> |
| FUNDS: | 14 | | | | |
| Unrestricted funds | | | | | |
| Income and expenditure account | | 2,695,723 | | 2,503,668 | |
| General Reserve | | 2,299,864 | | 2,299,864 | |
| Restricted funds | | | | | |
| Restricted Reserve | | 21,490 | | 21,490 | |
| Building Reserve | | <u>500,000</u> | | <u>400,000</u> | |
| School Funds | | | <u>5,517,077</u> | | <u>5,225,022</u> |

ON BEHALF OF THE BOARD:

TRUSTEE

TRUSTEE

Approved by the Board on: 12th April 2005

School (Limited by Guarantee)

Cash Flow Statement
for the year ended 31 August 2004

| | Note | 2004 £ | 2003 £ |
|---|------|----------------|----------------|
| Net cash inflow from operating activities | 16 | 636,411 | 316,024 |
| Returns on investment and servicing of finance | 17 | 25,465 | 21,756 |
| Capital expenditure and financial investment | 17 | (362,335) | (213,543) |
| Financing | | | |
| Donations received | | <u>17,262</u> | <u>48,689</u> |
| Increase in cash | | <u>316,803</u> | <u>172,926</u> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Movement in net funds in the period | | 316,803 | 172,926 |
| Net funds 1 September 2003 | | <u>539,319</u> | <u>366,393</u> |
| Net funds 31 August 2004 | 18 | <u>856,122</u> | <u>539,319</u> |

Heathfield School (Limited by Guarantee)
Notes to the Financial Statements
for the year ended 31 August 2004

| | | | | | |
|--|--------------------|--------------------|---------------------|------------------|------------------|
| 1. ACTIVITIES IN FURTHERANCE OF CHARITY'S OBJECTS | | | | | |
| | | | 2004 | 2003 | |
| | | | £ | £ | |
| Fees receivable | | | 4,452,200 | 4,080,636 | |
| Less bursaries | | | (109,518) | (70,445) | |
| Summer school | | | 219,380 | 218,986 | |
| Extras and disbursements | | | 319,650 | 310,290 | |
| | | | <u>4,881,712</u> | <u>4,539,467</u> | |
| 2. COSTS OF ACTIVITIES IN FURTHERANCE OF CHARITY'S OBJECTS | | | | | |
| | | | 2004 | 2003 | |
| | | | £ | £ | |
| School | | | 3,802,521 | 3,562,090 | |
| Summer school | | | 182,407 | 180,889 | |
| Extras and disbursements | | | 302,701 | 290,503 | |
| | | | <u>4,287,629</u> | <u>4,033,482</u> | |
| 3. ANALYSIS OF TOTAL RESOURCES EXPENDED | | | | | |
| | Staff Costs | Other Costs | Depreciation | Total | 2003 |
| | £ | £ | £ | £ | £ |
| Cost of generating funds | - | - | - | - | - |
| Charitable activities | | | | | |
| Teaching | 2,503,630 | 1,002,763 | - | 3,506,393 | 3,278,974 |
| Premises | 387,442 | 199,008 | 194,786 | 781,236 | 754,530 |
| Support costs | 279,561 | 37,353 | - | 316,914 | 256,176 |
| Management & admin | - | 63,460 | - | 63,460 | 18,607 |
| | <u>3,170,633</u> | <u>1,302,584</u> | <u>194,786</u> | <u>4,668,003</u> | <u>4,308,287</u> |
| 4. OPERATING SURPLUS | | | | | |
| | | | 2004 | 2003 | |
| | | | £ | £ | |
| The operating surplus is stated after charging: | | | | | |
| Depreciation | | | 194,786 | 168,717 | |
| Staff costs (note 5) | | | 3,170,633 | 2,860,571 | |
| Auditors' remuneration | | | <u>6,980</u> | <u>6,169</u> | |
| 5. DIRECTORS AND EMPLOYEES | | | | | |
| | | | 2004 | 2003 | |
| | | | £ | £ | |
| Wages and salaries | | | 2,811,794 | 2,505,531 | |
| Social security costs | | | 236,325 | 203,944 | |
| Pension costs | | | 122,514 | 151,096 | |
| | | | <u>3,170,633</u> | <u>2,860,571</u> | |
| The average weekly number of employees during the period was as follows: | | | | | |
| | | | 2004 | 2003 | |
| Teaching | | | 54 | 61 | |
| Administration, catering, and grounds | | | 80 | 79 | |
| | | | <u>134</u> | <u>140</u> | |
| Less peripatetics | | | (4) | (5) | |
| | | | <u>130</u> | <u>135</u> | |

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2004

In accordance with charity law and the Articles of Association of the company the directors are prohibited from receiving any remuneration, but they may claim travel expenses.

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| Employees earning £40,000 per annum or more received remuneration in the following band: | | |
| £40,000 - £49,999 | 3 | - |
| £50,000 - £59,999 | 2 | 2 |
| £60,000 - £69,999 | <u>-</u> | <u>-</u> |

During the year the following directors were reimbursed travel expenses:-

| | | |
|---------------|------------|------------|
| Mrs Deedes | 195 | 232 |
| Mrs Tulk-Hart | 537 | 387 |
| Mr Wreford | 91 | 107 |
| Rev Pugh | <u>23</u> | <u>32</u> |
| | <u>846</u> | <u>758</u> |

At the year end nothing was outstanding (2003 - £ 0)

6. INTEREST PAYABLE

| | 2004 £ | 2003 £ |
|-----------------------------|-----------|-----------|
| On bank loans and overdraft | <u>1</u> | <u>-</u> |

7. TAXATION

The charitable company is exempt from corporation tax on its activities.

8. TANGIBLE FIXED ASSETS

| | Swimming Pool £ | Freehold Properties £ | Tip Heat £ | Motor vehicles, equipment and organ £ | Total £ |
|-----------------------|-----------------------|-----------------------------|----------------|--|------------------|
| Cost | | | | | |
| At 1 September 2003 | 1,232,451 | 3,604,576 | 187,846 | 626,604 | 5,651,477 |
| Additions | - | 44,585 | - | 317,750 | 362,335 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>(81,101)</u> | <u>(81,101)</u> |
| At 31 August 2004 | <u>1,232,451</u> | <u>3,649,161</u> | <u>187,846</u> | <u>863,253</u> | <u>5,932,711</u> |
| Depreciation | | | | | |
| At 1 September 2003 | 134,925 | - | 32,538 | 309,084 | 476,547 |
| Charge for year | 41,379 | - | 12,523 | 140,884 | 194,786 |
| Disposals | <u>-</u> | <u>-</u> | <u>-</u> | <u>(81,101)</u> | <u>(81,101)</u> |
| At 31 August 2004 | <u>176,304</u> | <u>-</u> | <u>45,061</u> | <u>368,867</u> | <u>590,232</u> |
| Net book value | | | | | |
| At 31 August 2004 | <u>1,056,147</u> | <u>3,649,161</u> | <u>142,785</u> | <u>494,386</u> | <u>5,342,479</u> |
| At 31 August 2003 | <u>1,097,526</u> | <u>3,604,576</u> | <u>155,308</u> | <u>317,520</u> | <u>5,174,930</u> |

The insured value of the Main School, Sports Hall, Swimming Pool and other buildings is £22,294,350.

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2004

8. TANGIBLE FIXED ASSETS (CONTINUED)

All tangible fixed assets are used for direct charitable purposes. The "tip heat" project makes use of waste heat generated on the adjacent landfill site into useful heat for the school buildings and hot water.

The school does not own or have the use of any inalienable assets.

No impairment of the freehold property was evident as confirmed by the insurance valuation.

9. STOCKS

| | 2004 | 2003 |
|------------------------------------|--------------|---------------|
| | £ | £ |
| Household and consumable materials | <u>8,050</u> | <u>15,324</u> |

10. DEBTORS

| | 2004 | 2003 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Fees receivable | 1,304,224 | 1,321,716 |
| Other debtors | 42,820 | 34,279 |
| Income tax recoverable on donations | 5,815 | 3,609 |
| Prepayments | <u>65,100</u> | <u>48,817</u> |
| | <u>1,417,959</u> | <u>1,408,421</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2004 | 2003 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Bank overdraft | - | 26,653 |
| Fees in advance | 1,526,875 | 1,540,895 |
| Trade creditors | 26,225 | 12,839 |
| Social security and other taxes | 84,657 | 66,698 |
| Accruals | 167,534 | 67,884 |
| Sundry creditors | <u>141,214</u> | <u>73,156</u> |
| | <u>1,946,505</u> | <u>1,788,125</u> |

Under the provisions of Section 38 of the Charities Act 1993, the company has authority to seek overdraft facilities of £350,000. The overdraft facility arranged is secured by a fixed charge over the school buildings.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2004 | 2003 |
|------------------|----------------|----------------|
| | £ | £ |
| Pupils' deposits | <u>158,144</u> | <u>148,615</u> |

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2004

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | Pensions and similar obligations £ |
|----------------------|---|
| At 1 September 2003 | 2,884 |
| Released during year | — |
| At 31 August 2004 | <u>2,884</u> |

The provision relates to potential employers pension contributions due, if an employee takes up entry into the company pension scheme.

14. RESERVES

| | Restricted Building fund £ | Playground fund £ | Unrestricted Income and expenditure account £ | General reserve £ | Total £ |
|--|---|----------------------------------|--|----------------------------------|--------------------|
| At 1 September 2003 | 400,000 | 21,490 | 2,503,668 | 2,299,864 | 5,225,022 |
| Net incoming resources before Transfers | - | - | - | - | - |
| Transfer between funds | 100,000 | - | (100,000) | - | - |
| Transfer between reserves | - | - | - | - | - |
| Surplus on Ordinary Activities | — | — | <u>292,055</u> | — | <u>292,055</u> |
| At 31 August 2004 | <u>500,000</u> | <u>21,490</u> | <u>2,695,723</u> | <u>2,299,864</u> | <u>5,517,077</u> |

15. CAPITAL COMMITMENTS

No capital expenditure has been contracted for at 31 August 2004.

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16. NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2004 | 2003 |
|--|----------------|----------------|
| | £ | £ |
| Operating surplus | 292,055 | 327,669 |
| Less donations received (includes Swimming Pool Covenants) | (17,262) | (48,689) |
| Less interest received | (25,466) | (20,875) |
| Add interest paid | 1 | 22 |
| Depreciation | 194,786 | 168,717 |
| (Profit) on sale of fixed assets | - | (2,590) |
| Decrease/(increase) in stocks | 7,273 | (7,701) |
| (Increase) in debtors | (9,538) | (227,144) |
| Increase in creditors | <u>194,562</u> | <u>126,615</u> |
| Net cash inflow from operating activities | <u>636,411</u> | <u>316,024</u> |

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2004 | 2003 |
|--|------------------|------------------|
| | £ | £ |
| Return on investments and servicing of finance | | |
| Interest received | 25,466 | 21,891 |
| Interest paid | <u>(1)</u> | <u>(135)</u> |
| | <u>25,465</u> | <u>21,756</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (362,335) | (216,133) |
| Proceeds on sale of assets | <u>-</u> | <u>2,590</u> |
| | <u>(362,335)</u> | <u>(213,543)</u> |

18. ANALYSIS OF NET FUNDS

| | At 1 September 2003 | Cash flow | At 31 August 2004 |
|----------------|--------------------------------|------------------|------------------------------|
| | £ | £ | £ |
| Cash at bank | 565,972 | 290,150 | 856,122 |
| Bank overdraft | <u>(26,653)</u> | <u>26,653</u> | <u>-</u> |
| | <u>539,319</u> | <u>316,803</u> | <u>856,122</u> |

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
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19. INDEMNITY INSURANCE

During the year the company purchased insurance for the directors of the school against liabilities arising from negligence in relation to the company as remitted under section 310 of the Companies Act 1985 with the approval of the Charity Commission. £4,618 was paid for public liability insurance (2003: £3,556). Included in this was professional indemnity insurance relating to the directors.

20. COMPANY LIMITED BY GUARANTEE

As the company is limited by guarantee, in the event of winding up the directors will be required to pay £1.