

HEATHFIELD SCHOOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 1997



Company No. 556463

HEATHFIELD SCHOOL

FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

Company registration number:

556463

Registered office:

Heathfield School
Ascot
Berkshire
SL5 8BQ

Directors who are also the Members of Council:

Mr A B V Hughes
Mr J F Meighan
Miss Nina Campbell
Mrs J Dollar
Dr S J Eykyn
Dr A E C Letley
Mr M G Packe
Mr I A D Pilkington
Mrs C Deedes

Secretary:

Mr R Tierney

Auditors:

Grant Thornton
Registered Auditors
Chartered Accountants
London
NW1 2EP

Solicitor:

Biddle & Co
1 Gresham Street
London
EC2V 7BW

Bankers:

Barclays Bank plc
19 High Street
Ascot
Berkshire
SL5 7LB

HEATHFIELD SCHOOL

REPORT OF THE DIRECTORS

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HEATHFIELD SCHOOL

REPORT OF THE DIRECTORS

The directors submit herewith their Report and Accounts for the year ended 31 August 1997.

Objects

The objects are set out in the Memorandum and Articles of Association as the education of girls between the ages of 11 and 18 years. In accordance with the Memorandum and Articles of Association the school also provides board and extra curricular activities for the girls.

Policy

The school's policy is to enable the girls to attain the highest academic level possible.

Organisation

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

Activities

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.

Following excellent exam results the registration of new girls for future years is buoyant, being significantly higher than in previous years, and there is keen competition for places.

Review of business

The accounts for the year show an unappropriated surplus of income over expenditure of £67,556 after transfers to Reserves (1996: £44,050). 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 incurred in the year of £155,208 (1996: £282,989) on capital improvements. For several years past much effort and expenditure has been expended on repairs and renovation of the original buildings and facilities. The heaviest of this expenditure is now in the past.

The Centenary Fund consists of monies donated for the purpose of building a leisure facility in the school grounds. Presently it has been decided that an indoor swimming pool will be built.

HEATHFIELD SCHOOL

REPORT OF THE DIRECTORS

Directors and trustees

Mr A B V Hughes (Chairman of the Council)
Mr J F Meighan (Chairman of the General Purposes Committee)
Miss Nina Campbell
Mrs J Dollar (Member of the General Purposes Committee)
Dr S J Eykyn
Dr A E C Letley
Mr M G Packe
Mr I A D Pilkington (Member of the General Purposes Committee)
Mrs C Deedes

Rotation of directors

Mr A B V Hughes, Mrs J Dollar and Mr J F Meighan retire by rotation, but, being eligible, offer themselves for re-election.

Insurance effected for the Directors

The company has purchased insurance for the directors of the school against liability arising for negligence in relation to the company, as permitted under section 310 of the Companies Act 1985, with the approval of the Charity Commission.

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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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 keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts comply with the current statutory requirements and Heathfield's Memorandum and Articles of Association.

HEATHFIELD SCHOOL

REPORT OF THE DIRECTORS

Staff

The Directors wish to express their gratitude to the Headmistress (Mrs Julia Benammar), the Bursar (Mr Robert Tierney) and all other members of the Staff for their continued dedication to the interests of the pupils of Heathfield School.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE DIRECTORS



R Tierney
Secretary and Bursar

Heathfield School,
Ascot,
Berkshire SL5 8BQ

4 March 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF HEATHFIELD SCHOOL

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 and of its incoming resources and application of resources as at 31 August 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON
4 March 1998

HEATHFIELD SCHOOL

ACCOUNTING POLICIES

For the year ended 31 AUGUST 1997

The financial statements have been prepared under the historical cost convention and in accordance with applicable Statements of Recommended Practice and accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Turnover

Turnover represents fees charged to pupils, including incidental fees and disbursements.

Tangible fixed assets

No depreciation has been provided on freehold buildings as the routine maintenance cost charged against income is considered by the Directors to make good any depreciation suggested by Statement of Standard Accounting Practice No 12. In 1997 major refurbishment costs have been included in additions to freehold buildings where the quality of the buildings has been permanently enhanced.

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

Equipment	20%
Motor vehicles	20%
Organ and Grand Piano	5%

Stock

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

Leased equipment

Rentals paid under operating leases are charged to the Income and Expenditure account as incurred.

Reserves

The General Reserve is comprised of appropriations made and appeal monies received and applied against capital projects undertaken since 1986.

The Centenary Fund represents donations received in anticipation of the launch of an appeal to mark the centenary of the establishment of the school with a view to enhancing the available facilities.

The Bursary Reserve was appropriated against the need to assist pupils in cases of hardship and is applicable at the discretion of the Directors.

HEATHFIELD SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 AUGUST 1997

	Note	Unrestricted £	Restricted £	1997 Total £	1996 Total £
Incoming resources					
Fees receivable		2,823,036	-	2,823,036	2,719,725
Less bursaries		(96,119)	-	(96,119)	(90,948)
Summer school income		132,252	-	132,252	149,030
Extras and disbursements income		318,109	-	318,109	267,600
Other income		8,733	-	8,733	5,735
Bank interest		15,951	622	16,573	14,716
Donations in period	11	-	7,438	7,438	6,528
Total incoming resources		<u>3,201,962</u>	<u>8,060</u>	<u>3,210,022</u>	<u>3,072,386</u>
Resources expended					
Direct charitable expenditure:					
Teaching costs		1,209,125	-	1,209,125	1,105,929
Summer school costs		99,759	-	99,759	105,464
Welfare		727,580	-	727,580	697,561
Premises		304,003	-	304,003	301,913
Support and consumables		100,243	-	100,243	91,524
Extras and disbursements		299,293	-	299,293	248,412
		<u>2,740,003</u>	<u>-</u>	<u>2,740,003</u>	<u>2,550,803</u>
Other expenditure:					
Bank interest and charges		21,854	-	21,854	22,356
Management and administration	1	<u>325,549</u>	<u>-</u>	<u>325,549</u>	<u>338,649</u>
Total resources expended		<u>3,087,406</u>	<u>-</u>	<u>3,087,406</u>	<u>2,911,808</u>
Net incoming resources before transfers		142,556	8,060	150,616	160,578
Transfer between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net incoming resources for the year		142,556	8,060	150,616	160,578
Balances brought forward at 1 September 1996	11	<u>2,478,993</u>	<u>16,122</u>	<u>2,495,115</u>	<u>2,334,537</u>
Balances carried forward at 31 August 1997		<u><u>2,621,549</u></u>	<u><u>24,182</u></u>	<u><u>2,645,731</u></u>	<u><u>2,495,115</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

HEATHFIELD SCHOOL

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 AUGUST 1997

	Note	1997 £	1996 £
Turnover		3,086,252	2,945,678
Administrative Expenses		<u>2,940,885</u>	<u>(2,788,551)</u>
Operating surplus	2	145,367	157,127
Interest receivable		15,951	14,716
Interest payable	4	<u>(18,762)</u>	<u>(17,793)</u>
Surplus on ordinary activities		142,556	154,050
Transfer to reserves	11	<u>(75,000)</u>	<u>(110,000)</u>
Unappropriated surplus for the year	11	67,556	44,050
Surplus brought forward		<u>1,329,129</u>	<u>1,285,079</u>
Surplus carried forward		<u><u>1,396,685</u></u>	<u><u>1,329,129</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Surplus for the year as reported above	142,556	154,050
Donations received	7,438	6,528
Interest received	<u>622</u>	<u>-</u>
Total recognised gains and losses for the year	<u><u>150,616</u></u>	<u><u>160,578</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

HEATHFIELD SCHOOL

BALANCE SHEET AT 31 AUGUST 1997

	Notes	£	1997 £	£	1996 £
Fixed assets					
Tangible assets	5		3,225,896		3,139,971
Current assets					
Stocks	6	8,418		10,127	
Debtors	7	858,327		815,537	
Cash at bank and in hand		110,503		51,984	
		<u>977,248</u>		<u>877,648</u>	
Creditors:					
Amounts falling due within one year	8	<u>(1,354,016)</u>		<u>(1,239,215)</u>	
Net current liabilities			<u>(376,768)</u>		<u>(361,567)</u>
Total assets less current liabilities			2,849,128		2,778,404
Creditors:					
Amounts falling due after more than one year	9		(172,397)		(218,289)
Provisions for liabilities and charges	10		<u>(31,000)</u>		<u>(65,000)</u>
			<u>2,645,731</u>		<u>2,495,115</u>
Unrestricted reserves					
Income and expenditure account	11	1,396,685		1,329,129	
General Reserve	11	1,207,763		1,132,763	
Bursary Reserve	11	<u>17,101</u>		<u>17,101</u>	
			2,621,549		2,478,993
Restricted reserves					
Centenary fund	11		<u>24,182</u>		<u>16,122</u>
	12		<u>2,645,731</u>		<u>2,495,115</u>

The financial statements were approved by the Directors on 4th March 1998

AB.V. L...
Michael

) Directors and Members of the Council
)

The accompanying accounting policies and notes form an integral part of these financial statements.

HEATHFIELD SCHOOL

CASH FLOW STATEMENT

For the year ended 31 AUGUST 1997

	Note	1997 £	1996 £
Net cash inflow from operating activities	14	197,090	233,295
Returns on investment and servicing of finance	15	(2,189)	(3,077)
Capital expenditure and financial investment	15	(154,275)	(282,854)
Financing			
Donations received		7,438	6,528
Receipts from borrowing	16	-	200,000
Repayment of borrowing	16	<u>(122,917)</u>	<u>(100,694)</u>
(Decrease)/increase in cash	16	<u><u>(74,853)</u></u>	<u><u>53,198</u></u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(74,853)	53,198
Cash inflow/(outflow) from increase in debt		<u>122,917</u>	<u>(99,306)</u>
Movement in net debt in the period		48,064	(46,108)
Net debt 1 September 1996		<u>(187,465)</u>	<u>(141,357)</u>
Net debt 31 August 1997		<u><u>(139,401)</u></u>	<u><u>(187,465)</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

1 MANAGEMENT AND ADMINISTRATION OF THE CHARITY

	1997 £	1996 £
The following significant items are included in the management and administration charge:		
Administrative pay	144,641	131,683
Administrative costs	20,407	16,289
(Release)/provision for back pension contributions (see note 10)	(34,000)	65,000
Depreciation	<u>69,283</u>	<u>59,064</u>

2 OPERATING SURPLUS

	1997 £	1996 £
The operating surplus is stated after charging:		
Hire of plant and machinery	5,893	13,404
Depreciation	69,283	59,064
Staff costs (note 3)	1,956,523	1,890,208
Auditors' remuneration	<u>4,500</u>	<u>4,000</u>

3 DIRECTORS AND EMPLOYEES

	1997 £	1996 £
Wages and salaries	1,749,849	1,639,422
Social security costs	135,435	123,555
Pension costs	<u>37,239</u>	<u>127,231</u>
	<u>1,922,523</u>	<u>1,890,208</u>

The decrease in pension costs is due to a provision made last year and partial release this year (see note 10).

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

DIRECTORS AND EMPLOYEES (CONTINUED)

The average weekly number of employees during the period was as follows:

	1997 £	1996 £
Teaching	59	62
Administration and grounds	61	63
	<u>120</u>	<u>125</u>
Less peripatetics	<u>(14)</u>	<u>(14)</u>
	<u>106</u>	<u>111</u>

In accordance with charity law and the Articles of Association of the company the directors are prohibited from receiving any remuneration. During the year one director received reimbursed travel expenses of £7.50.

	1997 £	1996 £
Employees earning £40,000 per annum or more received remuneration in the following band:		
£50,000 - £59,999	-	1
£80,000 - £89,999	<u>1</u>	<u>-</u>

4 INTEREST PAYABLE

	1997 £	1996 £
On bank loans and overdraft	<u>18,762</u>	<u>17,793</u>

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

5 TANGIBLE FIXED ASSETS

	Freehold Property £	Motor vehicles, equipment and organ £	Total £
Cost			
At 1 September 1996	2,978,380	352,108	3,330,488
Additions	76,818	78,390	155,208
Disposals	-	(103,957)	(103,957)
At 31 August 1997	<u>3,055,198</u>	<u>326,541</u>	<u>3,381,739</u>
Depreciation			
At 1 September 1996	-	190,517	190,517
Charge for year	-	69,283	69,283
Disposals	-	(103,957)	(103,957)
At 31 August 1997	<u>-</u>	<u>155,843</u>	<u>155,843</u>
Net book value			
At 31 August 1997	<u>3,055,198</u>	<u>170,698</u>	<u>3,225,896</u>
At 31 August 1996	<u>2,978,380</u>	<u>161,591</u>	<u>3,139,971</u>

Freehold Property includes expenditure on major projects, of which the cumulative actual cost to the School is £1,912,146.

The insured value of the Main School, Sports Hall and other buildings is £11,050,000.

6 STOCKS

	1997 £	1996 £
Household and consumable materials	<u>8,418</u>	<u>10,127</u>

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

7 DEBTORS

	1997 £	1996 £
Fees receivable	829,546	787,779
Other debtors	8,253	8,198
Prepayments	20,528	19,560
	<u>858,327</u>	<u>815,537</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	161,015	27,643
Bank loan (see note 9(a))	66,667	122,917
Fees in advance	982,585	920,617
Trade creditors	44,440	32,485
Social security and other taxes	43,463	38,994
Accruals	43,753	87,516
Pension creditor	12,093	9,043
	<u>1,354,016</u>	<u>1,239,215</u>

Under section 38 of the Charities Act 1993 the company has:-

i.) an overdraft facility of £350,000 and

ii.) the bank loan of £88,889, is repayable at a rate of £66,667 per annum. The loan is secured by a charge on the property belonging to the School and bears interest at an annual rate of 2% above LIBOR.

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Bank loan (see note (a))	22,222	88,889
Pupils' deposits	150,175	129,400
	<u>172,397</u>	<u>218,289</u>

(a) bank loans are repayable as follows:

	£	£
Within one year	66,667	122,917
After one and within two years	22,222	66,667
After two and within five years	-	22,222
	<u>88,889</u>	<u>211,806</u>

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions and similar obligations £
At 1 September 1996	65,000
Released during year	<u>(34,000)</u>
At 31 August 1997	<u>31,000</u>

Following recent judgements in the European Court of Justice it has become permissible for part time staff to take out pensions and to back date their contributions. If staff take this option the company is obliged to contribute two years' back pension contributions. The directors originally estimated the maximum liability to be £65,000. During the year a reduction of £34,000 has been made in respect of employees who have taken this opportunity, employees no longer employed by Heathfield School and those employees who have declined the opportunity.

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

11 RESERVES

	UNRESTRICTED		RESTRICTED		
	Income and expenditure account £	General reserve £	Designated Bursary reserve £	Centenary fund £	Total £
At 1 September 1996	1,329,129	1,132,763	17,101	16,122	2,495,115
Transfer from income and expenditure account	(75,000)	75,000	-	-	-
Donations for the year	-	-	-	7,438	7,438
Interest received	-	-	-	622	622
Surplus for the year	<u>142,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,556</u>
At 31 August 1997	<u><u>1,396,685</u></u>	<u><u>1,207,763</u></u>	<u><u>17,101</u></u>	<u><u>24,182</u></u>	<u><u>2,645,731</u></u>

The purpose of the Bursary reserve is to provide financial aid to pupils in need.

The Centenary Fund consists of cash at bank and is sufficient for the current purposes of the fund. The unrestricted reserves hold all other assets.

12 RECONCILIATION OF MOVEMENTS IN SCHOOL FUNDS

	1997 £	1996 £
Transfers (to)/from income & expenditure account	75,000	110,000
Surplus for the financial year	67,556	44,050
Donations received	7,438	6,528
Interest received	<u>622</u>	<u>-</u>
Net increase in school funds	150,616	160,578
School funds at 1 September 1996	<u>2,495,115</u>	<u>2,334,537</u>
School funds at 31 August 1997	<u><u>2,645,731</u></u>	<u><u>2,495,115</u></u>

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

13 CAPITAL COMMITMENTS

There were no capital commitments at 31 August 1997 (1996: £49,800).

14 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating surplus	145,367	157,127
Depreciation	69,283	59,064
Profit on sale of tangible fixed assets	(933)	(135)
Decrease in stocks	1,709	610
Increase in debtors	(42,790)	(94,538)
Increase in creditors	58,454	46,167
(Decrease)/increase in provision	(34,000)	65,000
Net cash inflow from operating activities	<u>197,090</u>	<u>233,295</u>

15 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	1997 £	1996 £
Return on investments and servicing of finance		
Interest received	16,573	14,716
Interest paid	(18,762)	(17,793)
	<u>(2,189)</u>	<u>(3,077)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(155,208)	(282,989)
Sale of tangible fixed assets	933	135
	<u>(154,275)</u>	<u>(282,854)</u>

HEATHFIELD SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 AUGUST 1997

16 ANALYSIS OF NET DEBT

	At 1 September 1996 £'000	Cash flow £'000	Other non cash changes £'000	At 31 August 1997 £'000
Cash at bank	51,984	58,519	-	110,503
Bank overdraft	(27,643)	(133,372)	-	(161,015)
	<u>24,341</u>	<u>(74,853)</u>	<u>-</u>	<u>(50,512)</u>
Debt due within one year	(122,917)	122,917	(66,667)	(66,667)
Debt due after more than one year	(88,889)	-	66,667	(22,222)
	<u>(211,806)</u>	<u>122,917</u>	<u>-</u>	<u>(88,889)</u>
Total	<u>(187,465)</u>	<u>48,064</u>	<u>-</u>	<u>(139,401)</u>

17 LEASING COMMITMENTS

Operating lease payments amounting to £nil (1995: £5,893) are due within one year.

	1997 £	1996 £
In one year or less	<u>-</u>	<u>5,893</u>

18 PENSIONS

The company does not operate its own scheme but makes defined contributions to certain individuals' personal pension plans and to independent funds.