**TWYFORD SCHOOL**
**(a Company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2006**

**Company Registration Number: 558147**
**(England and Wales)**

**Charity Registration Number: 307425**

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# TWYFORD SCHOOL
**(a Company limited by guarantee)**

## INDEX TO THE FINANCIAL STATEMENTS


| | Page |
|---|---|
| Company information | 1 |
| Governors' Report | 2 – 6 |
| Independent Auditors' Report | 7 – 8 |
| Statement of Financial Activities | 9 |
| Balance Sheet | 10 |
| Cash flow Statement | 11 |
| Notes to the Financial Statements | 12 – 22 |

# TWYFORD SCHOOL
**(a Company limited by guarantee)**

## COMPANY INFORMATION

**MEMBERS OF THE COMPANY**
C E Monaghan (Chairman)
R N Stober
Dr S J Bailey
P W Brazier
C R J Eglington
J Hawkes
A Higham
J B Howman
C Jones
S P Kelly
M Le May
G Marsh
S Sowden
A J Thould
F E White
M K C Wills

**SECRETARY**
R Porteous

**AUDITORS**
Tenon Audit Limited
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

**ACCOUNTANTS**
Tenon Limited
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

**SOLICITORS**
Dutton Gregory
23 St Peter's Street
Winchester
Hampshire
SO23 8BT

**REGISTERED OFFICE**
Twyford School
Winchester
Hampshire
SO21 1NW

**COMPANY REGISTERED NUMBER**
558147

**CHARITY REGISTERED NUMBER**
307425

**BANKERS**
Barclays Bank Plc
50 Jewry Street
Winchester
Hampshire
SO23 8RG

CCLA Investment Management Limited
80 Cheapside
London
EC2 6DZ

CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

## GOVERNORS' REPORT

### INTRODUCTION

The Governors of Twyford School present their Report and Accounts for the year ended 31 July 2006. These have been prepared in accordance with the Statement of Recommended Accounting Practice (2005), applicable law and the charitable company's governing document.

### GOVERNORS' RESPONSIBILITIES

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the surplus or deficit for that financial year. In so doing the Governors are required to:

- Select suitable accounting policies and 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 Governors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985.

They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors, individually, are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### CHARITABLE STATUS

The company is a registered charity, registered number 307425.

### CONSTITUTION AND OBJECTS

The charity is a company limited by guarantee, company number 558147. The objects are set out in the Memorandum of Association and are to advance education by the provision in the United Kingdom of a day and/or boarding school or schools for boys and girls and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

Twyford School is a preparatory day and boarding school for boys and girls.

## GOVERNING BODY

The members of the Governing Body during the year, who are directors of the company for the purposes of the Companies Act 1985, are as stated below. The Governors give their time to the School gratuitously.

Dr S J Bailey
P W Brazier
C R J Eglington
S P Kelly
M Le May
G Marsh (appointed 23 February 2006)
C E Monaghan (Chairman)
S Sowden
A J Thould
F E White
M K C Wills (appointed 18 July 2006)

Currently there are 11 Governors from a variety of professional backgrounds and skills including education, accountancy, finance, property and law. The Board of Governors considers that it has the necessary combination of skills to be able to establish the general policies of the School, to monitor the effective performance of the Headmaster and Bursar and for the prudent financial management of the Charity.

The Articles of Association of the Company contain rotation provisions which enable the Board to seek new Governors who may have relevant skills and experience and can devote time, wholly unpaid, to the affairs of the Charity and the School. The Board aims to achieve an appropriate balance of skills, age and gender so that all aspects of the School are represented on the Governing Body. New Governors are supported by induction material supplied by the School's legal advisers who also keep the Governors updated as to relevant changes in legal compliance.

## ORGANISATION

The Governing Body delegates responsibility for day to day management, within the policies and budgets set, to the Headmaster and Bursar. The Board is also supported by professional legal advisers and independent auditors. The School is subject to inspection by the Independent Schools Inspectorate (ISI) and the Commission for Social Care Inspections (CSCI).

## EDUCATION POLICY

The School's policy is to provide a high quality of education and pastoral care backed by sound values in a safe environment that is relevant to modern conditions. There is a wide ability range among our pupils and some have special educational needs. The School strives to encourage pupils to gain confidence in their abilities and aptitudes at all levels and across a broad range of activities.

It is also the School's policy to provide a safe, stimulating, well-managed and caring working environment for our 60 or so employees (most of whom are part of our local community in the Twyford area).

## EDUCATION POLICY (*continued*)

The School is well-known in the local community and maintains an equal opportunities policy to ensure that it is accessible to staff and children irrespective of ethnic background, religion or belief. There are other good schools in the neighbourhood providing competition and choice. These provide a constant stimulus to quality and efficiency.

## REVIEW OF ACTIVITIES

Twyford School currently educates boys and girls from eight to thirteen years old with both boarding and day pupils. Pre-preparatory schooling is also provided for boys and girls from three to seven years old. This is in a separate building from the preparatory school but within the same grounds.

In the year under review the average number of pupils was 298. 45 of our pupils left in the Summer all passing into their first choice senior school. Three pupils gained academic scholarships and four gained music scholarships. All candidates passed their Common Entrance examinations. Depth and breadth of educational activity was satisfactory. Over 7,500 individual music lessons were taught; our girls Under 12 netball team came 4th in the national preparatory schools competition; and some of our boys were selected for junior Wessex rugby and Hampshire cricket teams.

## FINANCIAL REVIEW

93% of our revenue expenses in the year and all of our capital expenditures were spent on education. Administration and governance expense (7% of revenue expenses) are kept to a minimum and the Governors act on a pro bono basis. Fees paid by parents are calculated to recover these revenue and capital costs in a prudent manner, taking one year with another. In the last year the unrestricted funds operating "surplus" over revenue costs was £159,348. This was below our budget of £206,864 due mainly to higher maintenance costs than budgeted. This "surplus" was added to the funds available for capital expenditure taking them to £915,918 at the end of the year. Accordingly the Governors have been able to authorise capital expenditures which have been planned for over two years and are expected to absorb most of this in 2007/2008 subject to relevant planning and building consents.

In the opinion of the Governors the financial position of Twyford School is currently sound.

## DEVELOPMENTS

The development programme, to maintain the existing land and buildings and improve and extend facilities, continued during the year. The principal new project was the provision of an all weather sports pitch. Planning consent was secured and construction was completed during the Summer Holidays. Progress is ahead of schedule with the ten year, £1m, maintenance programme on our listed buildings.

Developments proposed for next year, subject to relevant planning and building consents, are the completion of new classrooms and their associated facilities.

## GOVERNORS' REPORT

### PUBLIC BENEFIT (continued)

- It is no part of our ethos to be exclusive. We should like to improve access for pupils who cannot afford their share of the costs. That depends on finding sources of long term, hypothecated finance which we have not yet found.

### FIXED ASSETS

In the opinion of the Governors the market value of the School's freehold property is in excess of book value based on the current use of the properties. No independent professional valuation has been carried out. The School has a continuing programme of maintenance and improvement of facilities.

### INVESTMENT POWERS

The charity's investment powers are governed by the Memorandum of Association. This permits funds not immediately required to be invested in such securities and investments and in such a manner as may from time to time be determined.

### RESERVES

At the year end there were free reserves of £55,207 (£120,757 in 2005) which are funds available for the School to use on management and administration costs as they arise. The Governors consider this level of reserve is sufficient to deal with unexpected items of expenditure needed for the running of the School.

### AUDITORS

In accordance with Section 385 of the Companies Act 1995, Tenon Audit Limited, are willing to be re-appointed and a resolution to this effect will be put to the members at the forthcoming Annual General Meeting.

Approved by the Board of Governors at its meeting on 8th December 2006
and signed on its behalf by:

Charles Monaghan
Chairman

Date: 8th December 2006.

# INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF TWYFORD SCHOOL
**(a Company limited by guarantee)**

**ON THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 JULY 2006**

We have audited the financial statements of Twyford School on pages 9 to 22 for the year ended 31 July 2006. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 12 to 14.

This report is made solely to the Governors, 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 Governors 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 Governors as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of governors and auditors**

As described on page 2 the Governors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Governors' report is 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 governors' remuneration and other transactions is not disclosed.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governors 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.

# INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF TWYFORD SCHOOL (CONTINUED)
**(a Company limited by guarantee)**

**ON THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 JULY 2006**

## Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 July 2006 and of the Company's 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.
- the information given in the Governors' Report is consistent with the financial statements.

Tenon Audit Limited.

**Tenon Audit Limited**
**Registered Auditor**

Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date: 8th December 2006.

# TWYFORD SCHOOL
**(a Company limited by guarantee)**

## STATEMENT OF FINANCIAL ACTIVITIES
**(Incorporating an Income and Expenditure Account)**
**For the year ended 31 July 2006**

| | Notes | Unrestricted Funds 2006 £ | Restricted Funds 2006 £ | Total Funds 2006 £ | Total Funds 2005 £ |
|---|---|---|---|---|---|
| **INCOMING RESOURCES** | | | | | |
| **Income from charitable activities** | | | | | |
| School fees receivable | 2 | 3,074,307 | - | 3,074,307 | 2,779,727 |
| Additional school activities | | 298,962 | - | 298,962 | 225,820 |
| Registration fees | | 3,270 | - | 3,270 | 4,870 |
| **Income from generated funds** | | | | | |
| Grants and donations | | - | 24,614 | 24,614 | 706 |
| **Activities for generating funds** | | | - | | |
| Late surcharges | | 1,427 | - | 1,427 | 1,710 |
| Investment income | | 38,116 | - | 38,116 | 28,966 |
| Other incoming resources | | 9,281 | - | 9,281 | 13,924 |
| **Total incoming resources** | | **3,425,363** | **24,614** | **3,449,977** | **3,055,723** |
| **RESOURCES EXPENDED** | | | | | |
| **Charitable activities:** | | | | | |
| School operating costs | 3 | 3,041,779 | - | 3,041,779 | 2,786,243 |
| Governance costs | 4 | 220,405 | - | 220,405 | 209,650 |
| **Costs of generating funds** | | | | | |
| School financing costs | | 3,831 | - | 3,831 | 3,325 |
| **Total resources expended** | | **3,266,015** | **-** | **3,266,015** | **2,999,218** |
| **NET INCOMING RESOURCES** | | **159,348** | **24,614** | **183,962** | **56,505** |
| Total funds brought forward | | 3,223,723 | 374,261 | 3,597,984 | 3,541,479 |
| **TOTAL FUNDS CARRIED FORWARD** | **11** | **3,383,071** | **398,875** | **3,781,946** | **3,597,984** |

# TWYFORD SCHOOL
**(a Company limited by guarantee)**

## BALANCE SHEET
**at 31 July 2006**

| | Notes | 2006 £ | 2005 (restated) £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 7 | 3,626,739 | 3,377,227 |
| **CURRENT ASSETS** | | | |
| Stocks | 8 | 21,603 | 19,056 |
| Debtors | 9 | 1,138,132 | 1,088,343 |
| Cash at bank and in hand | | 915,918 | 689,619 |
| | | 2,075,653 | 1,797,018 |
| **CREDITORS: amounts falling due within one year** | 10 | (1,851,246) | (1,513,860) |
| **NET CURRENT ASSETS** | | 224,407 | 283,158 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 3,851,146 | 3,660,385 |
| **CREDITORS: amounts falling due after more than one year** | 10 | (69,200) | (62,401) |
| **NET ASSETS** | | 3,781,946 | 3,597,984 |
| **ACCUMULATED FUNDS** | | | |
| Unrestricted funds | | 3,383,071 | 3,223,723 |
| Restricted funds | | 398,875 | 374,261 |
| | 11 | 3,781,946 | 3,597,984 |

The financial statements on pages 9 to 22 were approved by the Board of Governors on 8th December 2006 and signed on its behalf by:

**C E MONAGHAN** )
) **Members of the**
) **Governing Body**
)
**C R J EGLINGTON** )

# TWYFORD SCHOOL
**(a Company limited by guarantee)**

## CASH FLOW STATEMENT
**for the year ended 31 July 2006**

| | Notes | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Net cash inflow from operating activities** | 12 | | 297,284 | | 229,377 |
| **Returns on investments and servicing of finance** | | | | | |
| Interest received | | 38,116 | | 28,966 | |
| Interest paid | | (2,548) | | (3,324) | |
| | | | 35,568 | | 25,642 |
| **Capital expenditure** | | | | | |
| Receipts from sale of tangible fixed assets | | - | | 300 | |
| Payments to acquire tangible fixed assets | | (97,820) | | (79,031) | |
| | | | (97,820) | | (78,731) |
| **Net cash inflow before financing** | | | 235,032 | | 176,288 |
| **Financing** | | | | | |
| Hire purchase and finance lease Repayments | | (8,733) | | (14,844) | |
| | | | (8,733) | | (14,844) |
| **Increase in cash** | 14 | | 226,299 | | 161,444 |

## 1. ACCOUNTING POLICIES

**Basis of accounting**
The accounts are prepared under the Charities Act 1993, under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities: the Charities SORP 2005.

**Tangible fixed assets**
Tangible fixed assets are stated at cost, being purchase price, less depreciation. No lower limit is applied to individual items that are capitalised.

**Depreciation**
Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|---|---|
| Freehold property | - equal annual instalments over 100 years |
| Garden machinery | - equal annual instalments over 4 years |
| Equipment, motor vehicles, fixtures, fittings and furniture | - equal annual instalments over 4 years |
| Computer equipment | - equal annual instalments over 4 years |

Freehold property is included in the accounts at historical cost. The Governors have decided to provide depreciation on the total cost of freehold property with no reduction in depreciable amount to reflect either the carrying value of land or the residual value of the property. To offset this, depreciation is provided over an extended period of 100 years and the property is reviewed for impairment on an annual basis. There is a continuing programme of maintenance to maintain the value of the property, and market value is considered to be in excess of net book value.

**Stocks**
Stocks are valued at the lower of cost, being purchase price, and net realisable value. The cost of books and teaching material is expended in the year of purchase as the realisable value once purchased is considered to be immaterial.

**Pension benefits**
The main pension fund relating to teachers is organised through the Department for Education and Skills. Although this is a defined benefit scheme it is, like other Government schemes, not funded and the School is only obliged to pay the current defined contribution rate.

All other pension arrangements are defined contribution schemes where the assets of the schemes are held separately from those of the School in an independently administered fund.

In all cases the pension cost charge represents contributions payable by the School to the fund.

## 1. ACCOUNTING POLICIES (Continued)

**Incoming resources**
Boarding and Tuition Fees are included within the Financial Statements on an accruals basis. Amounts invoiced in advance are deferred and carried forward within creditors and accruals, whilst amounts due but not yet received in the year are shown within debtors and prepayments.

Donations are included within income on a receipt basis.

**Resources expended**
Resources expended are accounted for on an accruals basis.

Expenditure is analysed into such categories as to reasonably enable the user to gain an appreciation of the Charity's expenditure during the year.

Governance costs comprise the cost of running the Charity, including strategic planning for its future development also external audit, any legal advice and costs of complying with constitutional and statutory requirements.

**Investment income**
Interest receivable on sums invested in bank deposit accounts is recorded gross. The Charity is not liable to tax on this income.

**Taxation Status**
The School is an exempt Charity and is therefore not liable to Corporation Tax or Capital Gains Tax in respect of its charitable activities.

**Leasing**
Assets held under finance leases are capitalised in the Balance Sheet and depreciated over their useful lives. The interest element of rental obligations is charged to the income and expenditure account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

**Fund accounting**
Unrestricted funds are defined as income realised or generated for the objectives of the Charity without further specified purpose and which are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, will be identified to the fund.

Designated funds are funds set aside by the Governors out of unrestricted general funds for specific future purposes or projects.

## 1. ACCOUNTING POLICIES (Continued)

**Fund transfers**
Resources are transferred from Unrestricted Funds to Restricted Funds where expenditure meeting the criteria laid down by a donor of restricted income exceeds this income.

**Comparative figures**
The comparative figures have been restated to report the grossing up of debtors to include amounts invoiced in the year that relate to the following accounting period.

## 2. SCHOOL FEES RECEIVABLE

School fees receivable comprise unrestricted funds of gross termly fees receivable less allowances made.

## 3. SCHOOL OPERATING COSTS

| | Total 2006 £ | Total 2005 £ |
|---|---|---|
| **Teaching costs** | | |
| Salaries | 1,527,854 | 1,468,817 |
| Teaching resources | 67,974 | 69,222 |
| Cost of extra curricular activities | 235,571 | 177,646 |
| Events | 18,671 | 8,367 |
| Sports | 4,096 | 4,038 |
| Transport and motor expenses | 16,935 | 15,504 |
| Depreciation | 53,432 | 47,851 |
| **Welfare costs** | | |
| Catering | 243,426 | 244,234 |
| House staff and Matrons | 77,561 | 68,760 |
| Staff welfare | 5,017 | 10,263 |
| **Premises** | | |
| Buildings | 352,241 | 262,030 |
| Cleaning | 107,554 | 92,482 |
| Grounds and gardens | 11,669 | 15,893 |
| Ground staff | 89,630 | 70,259 |
| Miscellaneous | 54,009 | 45,870 |
| Depreciation | 59,684 | 63,220 |
| Profit on disposals | - | (300) |
| **Support costs of schooling** | | |
| Advertising | 10,598 | 14,712 |
| Administration costs | 85,328 | 88,728 |
| School shop costs | 20,529 | 18,647 |
| | 3,041,779 | 2,786,243 |

## 4. GOVERNANCE COSTS

| | Total 2006 £ | Total 2005 £ |
|---|---|---|
| Office salaries | 210,521 | 195,622 |
| Audit and accountancy | 9,884 | 14,028 |
| | 220,405 | 209,650 |

## 5. EMPLOYEES

The average number of staff, based on full time equivalent basis, employed by the School during the year was as follows:

| | 2006 | 2005 |
|---|---|---|
| Teaching and support | 43 | 41 |
| Administration/miscellaneous | 6 | 5 |
| Grounds and maintenance | 5 | 4 |
| Domestic | 1 | 1 |
| Matron's department | 4 | 4 |
| | 59 | 55 |

### PUPIL NUMBERS

The average number of pupils at the School during the year was as follows:

| | 2006 | 2005 |
|---|---|---|
| Boarders | 37 | 33 |
| Day pupils | 161 | 159 |
| Pre-Prep | 100 | 97 |
| | 298 | 289 |

## 6. STAFF COSTS

| | 2006 £ | 2005 £ |
|---|---|---|
| Wages and salaries | 1,609,308 | 1,501,930 |
| Social security costs | 131,590 | 139,010 |
| Pension costs | 164,668 | 162,518 |
| Other staff costs | 15,615 | 24,975 |
| | 1,921,181 | 1,828,433 |

No remuneration was received or expenses reimbursed to any of the Governors during the year.

| | 2006 | 2005 |
|---|---|---|
| Number of employees who earned between £60,000 and £70,000 in the year | 1 | - |

| **Pension schemes** | 2006 | 2005 |
|---|---|---|
| Number of Teachers in the Teachers' Pension Scheme | 39 | 39 |
| Number in defined contribution scheme | 15 | 14 |
| | 54 | 53 |

The School's teaching employees belong to the Teachers' Pension Scheme (TPS). The total pension cost for the period was £148,774 (2005: £150,244)

**Teachers' Pension Scheme**
The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out below the information available on the deficit in the scheme and the implications for the School in terms of the anticipated contribution rates.

## 6. STAFF COSTS (continued)

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:-

| | |
|---|---|
| Latest actuarial valuation | 31 March 2001 |
| Actuarial method | Prospective Benefits |
| Investment returns per annum | 7.0% per annum |
| Salary scale increases per annum | 5.0% per annum |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 100% |

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2005 to 31 March 2006 the employer contribution was 13.5%. This rate remains at 13.5% from 1 April 2006.

For support staff £15,894 (2005: £12,274) was paid to a separate defined contribution scheme which is run by the Pensions Trust. All non-teaching staff are eligible to join this pension scheme.

At the year end there were unpaid pension contributions of £21,510 (2005: £19,548) which are included in accruals. This balance was paid in full on 31 August 2006.

7. **TANGIBLE FIXED ASSETS**

| | Freehold Property & Improvements To property £ | Furniture Fixtures And Fittings £ | Equip-ment £ | Computer Equip-ment £ | Motor Vehicles £ | Garden Machinery £ | Total £ |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 August 2005 | 3,402,706 | 188,383 | 294,361 | 243,146 | 116,636 | 40,667 | 4,285,899 |
| Additions | 316,792 | 10,788 | 25,383 | 8,454 | - | 1,211 | 362,628 |
| At 31 July 2006 | 3,719,498 | 199,171 | 319,744 | 251,600 | 116,636 | 41,878 | 4,648,527 |
| **Depreciation** | | | | | | | |
| At 1 August 2005 | 196,665 | 178,567 | 250,069 | 178,064 | 81,291 | 24,016 | 908,672 |
| Charge for year | 35,855 | 5,357 | 18,993 | 29,083 | 15,972 | 7,856 | 113,116 |
| At 31 July 2006 | 232,520 | 183,924 | 269,062 | 207,147 | 97,263 | 31,872 | 1,021,788 |
| **Net book value** | | | | | | | |
| At 31 July 2006 | 3,486,978 | 15,247 | 50,682 | 44,453 | 19,373 | 10,006 | 3,626,739 |
| At 31 July 2005 | 3,206,041 | 9,816 | 44,292 | 65,082 | 35,345 | 16,651 | 3,377,227 |

Details of fixed assets held under finance leases and hire purchase contracts, which are included in motor vehicles in the table above, are as follows:

| | 2006 £ | 2005 £ |
|---|---|---|
| Net book value | 6,125 | 17,420 |
| Depreciation charge for the year | 11,295 | 14,248 |

With the exception of some office equipment all tangible fixed assets are used for direct charitable purposes.

## 8. STOCKS

| | 2006 £ | 2005 £ |
|---|---|---|
| Clothing | 20,486 | 17,615 |
| Catering | 1,117 | 1,441 |
| | 21,603 | 19,056 |

## 9. DEBTORS

| | 2006 £ | 2005 (restated) £ |
|---|---|---|
| Trade debtors | 1,127,266 | 1,079,745 |
| *Prepayments and accrued income* | 10,866 | 8,598 |
| | 1,138,132 | 1,088,343 |

## 10. CREDITORS

| | Due within one year | | Due after more than one year | |
|---|---|---|---|---|
| | 2006 £ | 2005 (restated) £ | 2006 £ | 2005 £ |
| Trade creditors | 53,642 | 44,308 | - | - |
| Fees invoiced in advance | 1,040,564 | 990,114 | - | - |
| Tax and social security | 95,190 | 89,923 | - | - |
| Accruals | 652,406 | 375,239 | - | - |
| Returnable deposits | 4,600 | 5,500 | 69,200 | 57,600 |
| Hire purchase liabilities | 4,844 | 8,776 | - | 4,801 |
| | 1,851,246 | 1,513,860 | 69,200 | 62,401 |

## 10. CREDITORS (continued)

### Secured Liabilities

| | 2006 £ | 2005 £ |
|---|---|---|
| Included in creditors are the following secured liabilities: | | |
| Hire purchase liabilities | 4,844 | 13,577 |
| | 4,844 | 13,577 |
| Hire purchase liabilities | | |
| within one year | 4,923 | 9,297 |
| in the first to second year | - | 5,011 |
| | 4,923 | 14,308 |
| Finance charges allocated to future periods | (79) | (731) |
| | 4,844 | 13,577 |
| Included in amounts due within one year | (4,844) | (8,776) |
| | - | 4,801 |

Hire purchase liabilities are secured on the assets to which the borrowings relate.

## 11. ACCUMULATED FUNDS

| | Unrestricted Funds 2006 £ | Designated Funds 2006 £ | Restricted Funds 2006 £ | Total Funds 2006 £ | Total Funds 2005 £ |
|---|---|---|---|---|---|
| At 1 August 2005 | 3,123,723 | 100,000 | 374,261 | 3,597,984 | 3,541,479 |
| Incoming resources | 3,382,204 | - | 24,614 | 3,406,818 | 3,055,723 |
| Resources expended | (3,222,856) | - | - | (3,222,856) | (2,999,218) |
| At 31 July 2006 | 3,283,071 | 100,000 | 398,875 | 3,781,946 | 3,597,984 |

The restricted fund represents the income from appeals and donations to finance fixed asset acquisitions. The investments in fixed assets relating to those funds have been included under the relevant asset headings in the balance sheet.

In the prior year the School created a capital development fund of £100,000 which relates to monies set aside for future capital development projects that are being considered by the Governors.

Analysis of net assets between funds

| | Unrestricted Funds 2006 £ | Designated Funds 2006 £ | Restricted Funds 2006 £ | Total Funds 2006 £ |
|---|---|---|---|---|
| Tangible fixed assets | 3,227,864 | - | 398,875 | 3,626,739 |
| Current assets | 1,975,653 | 100,000 | - | 2,075,653 |
| Current liabilities | (1,851,246) | - | - | (1,851,246) |
| Long term liabilities | (69,200) | - | - | (69,200) |
| | 3,283,071 | 100,000 | 398,875 | 3,781,946 |

## 12. RECONCILIATION OF NET OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2006 £ | 2005 £ |
|---|---|---|
| Net incoming resources | 183,962 | 56,505 |
| Investment income | (38,116) | (28,966) |
| Financing costs | 2,548 | 3,325 |
| Depreciation of tangible fixed assets | 113,116 | 111,070 |
| Profit on disposal of fixed assets | - | (300) |
| (Increase) / decrease in stocks | (2,547) | 5,748 |
| (Increase) in debtors | (49,789) | (19,477) |
| Increase in creditors | 88,110 | 101,472 |
| Net cash inflow from operating activities | 297,284 | 229,377 |

## 13. ANALYSIS OF NET CASH

| | 1 August 2005 £ | Cash flow £ | Other non-cash changes £ | 31 July 2006 £ |
|---|---|---|---|---|
| Cash: | | | | |
| Cash at bank and in hand | 697,909 | 218,009 | - | 915,918 |
| Debt: | | | | |
| Bank overdraft | (8,290) | 8,290 | - | - |
| | 689,619 | 226,299 | - | 915,918 |
| Finance leases | (13,577) | 8,733 | - | (4,844) |
| Net cash | 676,042 | 235,032 | - | 911,074 |

## 14. RECONCILIATION OF NET CASH FLOW MOVEMENT IN NET CASH

| | 2006 £ | 2005 £ |
|---|---|---|
| Increase in cash in the year | 226,299 | 161,444 |
| Cash outflow from decrease in debt and finance leases | 13,577 | 14,845 |
| | 239,876 | 176,289 |
| Net cash at 1 August 2005 | 676,042 | 499,753 |
| Net cash at 31 July 2006 | 915,918 | 676,042 |

## 15. CONTROL

Twyford School is under the control of the Governors, as detailed in the Governor's report.