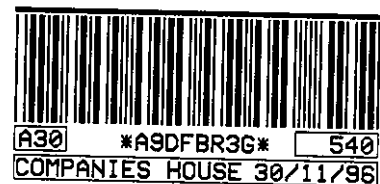


PACKWOOD HAUGH SCHOOL LIMITED
REPORT OF THE GOVERNING BODY AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st AUGUST 1996

COMPANY NUMBER: 563845

CHARITABLE TRUST NUMBER: 528411



WHITTINGHAM RIDDELL
CHARTERED ACCOUNTANTS
15 BELMONT, SHREWSBURY

PACKWOOD HAUGH SCHOOL LIMITED

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PACKWOOD HAUGH SCHOOL LIMITED

GOVERNORS' REPORT

Governing body

M N Mitchell (Chairman and Secretary)	Professor A P L Minford
R Fildes	M C Mowat FCA (resigned 27th November 1995)
Mrs E A Graham	
C J B Hatton (resigned 27th November 1995)	Miss E M Mullenger BA
J J Knight FCA	Mrs M M C Pitt MA LLB
T J Lowe (resigned 27th November 1995)	A D R Simpson
F E Maidment MA	R G Tovey Cert Ed (Oxon)
R Watson (appointed 4th March 1996)	Mrs C. Openshaw (appointed 4th March 1996)

Governors' report

The Governors present their annual report and the audited financial statements for the year ended 31 August 1996.

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 affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Governors 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 Governors confirm that the financial statements comply with the above requirements.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the 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.

Principal activity

The Company is a Charitable Educational Trust which manages Packwood Haugh School Limited, an independent preparatory school for boys and girls.

PACKWOOD HAUGH SCHOOL LIMITED

GOVERNORS' REPORT

Business review

The Income and Expenditure account for the year shows a surplus of £14,547 (1995: £18,396) before exceptional items. The exceptional item in respect of the receipt of £7,015 (1995: £24,366) from the Appeal Fund is explained in note 19 to the financial statements. The resultant balance of £21,562 (1995: £46,437) has been added to the cumulative reserves brought forward of £1,685,581 to give total Revenue Reserves at 31 August 1996 of £1,707,143.

Activities

During the year, the average number of pupils attending the school was 226. Fifty eight pupils left during the year, with nine scholarships to senior schools won. All candidates who entered the common entrance exam achieved success during the year.

Fixed assets

Movements in fixed assets during the year is shown in note 11 to the accounts.

Directors and governors

The governors are also the trustees and the directors of the company.

Officers

The officers who served during the year were:-

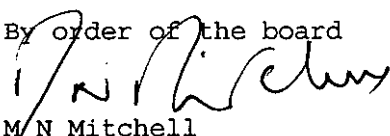
Headmaster: P.J.F. Jordan, M.A.

Bursar: Capt. K. Hindle, R.N., M.I.P.D

Auditors

Whittingham Riddell have expressed their willingness to be reappointed as auditors of the Company in accordance with Section 385 of the Companies Act 1985.

By order of the board


M N Mitchell
Secretary

25th November 1996

Packwood Haugh School
Ruyton-XI-Towns
Shrewsbury
Shropshire
SY4 1HX

AUDITORS' REPORT TO THE SHAREHOLDERS' OF
PACKWOOD HAUGH SCHOOL LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Governors and auditors

As described on page 1 the Company's Governors 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

25th NOVEMBER 1996
SHREWSBURY


WHITTINGHAM RIDDELL
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

PACKWOOD HAUGH SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st AUGUST 1996

	<u>Note</u>	<u>1996</u>
		£ £
<u>Incoming resources</u>		
Fees receivable		1,500,090
Bank interest		4,641
Other income	4	30,992
<u>Total incoming resources</u>		<u>1,535,723</u>
 <u>Resources Expended</u>	 10	
Direct Charitable expenditure		
Teaching costs		893,976
Welfare		306,259
Premises		188,786
Administration of the School		108,891
		<u>(1,497,912)</u>
Other expenditure		
Interest		7,391
Management and Administration of the Charity		8,858
		<u>(16,249)</u>
 <u>Total resources expended</u>		 (1,514,161)
 <u>Net incoming resources</u>		 <u>21,562</u>
 <u>Balance brought forward at 1st September 1995</u>		 1,685,581
 <u>Balance carried forward at 31st August 1996</u>		 <u>1,707,143</u>

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities.

All the above funds are unrestricted.

PACKWOOD HAUGH SCHOOL LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st AUGUST 1995

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>Turnover</u>	3	1,500,090	1,491,069
Administration expenses		(1,482,793)	(1,470,898)
<u>Operating surplus</u>		<u>17,297</u>	<u>20,171</u>
Interest receivable	5	4,641	7,305
Bank interest payable	6	(7,391)	(9,080)
<u>Surplus before exceptional items</u>	7	<u>14,547</u>	<u>18,396</u>
<u>Exceptional items</u>			
Proceeds of appeal	19	7,015	24,366
Fete and other income	19	-	3,675
<u>Surplus for the year</u>		<u>21,562</u>	<u>46,437</u>
Retained surplus brought forward		1,685,581	1,639,144
<u>Retained surplus carried forward</u>		<u>1,707,143</u>	<u>1,685,581</u>

AS AT 31st AUGUST 1996

In Richms
Atty by —

Governors

6

PACKWOOD HAUGH SCHOOL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st AUGUST 1995

	<u>Note</u>	<u>1996</u>		<u>1995</u>	
		£	£	£	£
<u>Net cash inflow from operating activities</u>	8		110,783		84,216
<u>Returns on investments and servicing of finance</u>					
Interest received		4,641		7,305	
Interest paid		(7,391)		(9,080)	
			(2,750)		(1,775)
<u>Investing activities</u>					
Purchase of fixed assets		(24,888)		(49,607)	
Sale proceeds of fixed assets		2,500		-	
			(22,388)		(49,607)
<u>Net cash inflow before financing</u>			85,645		32,834
<u>Increase in cash and cash equivalents</u>	14		85,645		32,834

PACKWOOD HAUGH SCHOOL LIMITED

NOTES TO THE ACCOUNTS

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts:

a) Basis of accounting

The accounts have been prepared under the historical cost convention, incorporating the results of the continuing operational activities described in the Governors report. The accounts have been prepared in compliance with the Statement of Recommended Practice, Accounting by Charities, to include a Statement of Financial Activities. The comparative figures in these accounts relate to the year ended 31st August 1995.

b) Depreciation

Depreciation is calculated so as to write off the cost of the relevant assets over their estimated useful lives as follows:

Class of asset

Freehold land and buildings	1% on cost
Motor vehicles	25% on cost
Fixtures and fittings	10% on cost
Educational I.T.	20% on cost

c) Stocks

Stocks are stated at the lower of cost and net realisable value.

d) Pensions

The Company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Share capital

The Company is limited by guarantee and therefore has no share capital. The liability of members is limited to £1 each.

3. Turnover

This represents the fees charged in respect of pupils and other ancillary fee income less remissions.

4. Other income

	<u>1996</u>
	£
Rental income	17,915
Appeal income	7,015
Shop profit	6,062
	<u>30,992</u>

PACKWOOD HAUGH SCHOOL LIMITED

NOTES TO THE ACCOUNTS

5. Interest receivable

Interest receivable represents interest received in respect of bank deposit accounts and overdue fees.

6. Interest payable

	<u>1996</u>	<u>1995</u>
	£	£
On bank loans and overdrafts wholly repayable within five years	7,391	9,080

7. Surplus on ordinary activities

Surplus on ordinary activities is stated after charging the following:

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation of owned tangible fixed assets	61,878	64,876
Auditors' remuneration	6,463	6,372
Governors' remuneration	-	-

8. Reconciliation of operating surplus to operating cash flow

	<u>1996</u>	<u>1995</u>
	£	£
Operating surplus	17,297	20,171
Proceeds of appeal	7,015	24,366
Fete and other income	-	3,675
Depreciation	61,878	64,876
Profit on sale of fixed assets	(2,499)	-
Movement in stock	(8,941)	9,740
Movement in debtors	(3,986)	28,123
Movement in creditors	40,019	(66,735)
	<u>110,783</u>	<u>84,216</u>

PACKWOOD HAUGH SCHOOL LIMITED

NOTES TO THE ACCOUNTS

9. Staff numbers and costs

The average number of persons employed during the year was as follows:

	<u>1996</u>	<u>1995</u>
Salaried	57	56
Weekly paid	33	33
	<u>90</u>	<u>89</u>

The aggregate payroll costs of these persons were:

	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	959,228	920,370
Social security costs	69,778	68,244
Other pension costs	57,622	56,209
	<u>1,086,628</u>	<u>1,044,823</u>

10. Analysis of total resources expended

	<u>Staff</u> <u>Costs</u>	<u>Other</u>	<u>Depreciation</u>	<u>Total</u>
	£	£	£	£
Direct Charitable Expenditure				
Teaching costs	867,070	21,059	5,847	893,976
Welfare	98,692	207,567	-	306,259
Premises	59,586	87,378	41,822	188,786
Administration of the School	61,280	33,402	14,209	108,891
	<u>1,086,628</u>	<u>349,406</u>	<u>61,878</u>	<u>1,497,912</u>
Other Expenditure				
Interest	-	7,391	-	7,391
Management and administration of the charity	-	8,858	-	8,858
	<u>1,086,628</u>	<u>365,655</u>	<u>61,878</u>	<u>1,514,161</u>

PACKWOOD HAUGH SCHOOL LIMITED

NOTES TO THE ACCOUNTS

11. Tangible fixed assets

	<u>Land and buildings</u>	<u>Fixtures and fittings</u>	<u>Educational I.T.</u>	<u>Motor vehicles and grounds equipment</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost</u>					
At 1st September 1995	2,038,516	272,735	29,142	69,759	2,410,152
Additions	2,928	8,413	139	13,408	24,888
Disposals	-	-	-	(11,760)	(11,760)
At 31st August 1996	2,041,444	281,148	29,281	71,407	2,423,280
<u>Depreciation</u>					
At 1st September 1995	164,316	197,916	3,211	51,720	417,163
Charged in year	20,415	21,407	5,847	14,209	61,878
Disposals	-	-	-	(11,759)	(11,759)
At 31st August 1996	184,731	219,323	9,058	54,170	467,282
<u>Net book value</u>					
At 1st September 1995	1,874,200	74,819	25,931	18,039	1,992,989
At 31st August 1996	1,856,713	61,825	20,223	17,237	1,955,998

12. Stocks

	<u>1996</u>	<u>1995</u>
	£	£
Raw materials and consumables	17,655	12,497
Finished goods and goods for resale	19,516	15,733
	<u>37,171</u>	<u>28,230</u>

13. Debtors

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	55,782	59,627
Other debtors and prepayments	18,670	10,839
	<u>74,452</u>	<u>70,466</u>

PACKWOOD HAUGH SCHOOL LIMITED

NOTES TO THE ACCOUNTS

14. Cash and cash equivalents

	<u>1996</u>	<u>1995</u>
	£	£
<u>Cash brought forward</u>		
Cash at bank and in hand	49,537	13,715
Bank overdraft	(231,106)	(228,118)
	<u>(181,569)</u>	<u>(214,403)</u>
<u>Net cash inflow</u>	85,645	32,834
<u>Cash carried forward</u>	<u>(95,924)</u>	<u>(181,569)</u>
<u>Represented by:</u>		
Cash at bank and in hand	24,958	49,537
Overdraft	(120,882)	(231,106)
	<u>(95,924)</u>	<u>(181,569)</u>

15. Creditors: amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Trade creditors	12,287	2,953
Fees received in advance	67,214	39,450
Guaranteed fees	8,350	9,350
Social security and other taxes	22,387	22,253
Accruals and other creditors	17,071	13,284
	<u>127,309</u>	<u>87,290</u>
Overdraft	120,882	231,106
	<u>248,191</u>	<u>318,396</u>

Sums received in respect of prepaid fees and as guaranteed fees are deposited in separate designated bank accounts and only transferred to the school when fees become due or are forfeited. As at 31 August 1996 a total of £23,710 (1995: £40,070) was held in this manner.

The bank overdraft is secured by a legal charge over the main school property.

PACKWOOD HAUGH SCHOOL LIMITED

NOTES TO THE ACCOUNTS

16. Reconciliation of movement in unrestricted funds

	<u>1996</u>	<u>1995</u>
	£	£
<u>Unrestricted funds brought forward</u>	1,822,826	1,776,389
Retained surplus for the year	21,562	46,437
<u>Unrestricted funds carried forward</u>	<u>1,844,388</u>	<u>1,822,826</u>

17. Capital commitments

There were no capital commitments at 31 August 1996 (1995: £Nil).

18. Pensions

The Company contributes to the Teachers Pensions Agency pension scheme for teachers. As far as the Company is concerned this is a defined contribution scheme. The pension cost charged in the accounts is the amount payable by the Company to the fund during the year.

The Company also contributes to a Group Personal Pension Scheme for the benefit of certain employees. The scheme is a defined contribution scheme administered by Scottish Widows. The pension cost charged in the accounts is the amount payable by the Company during the year.

19. Exceptional items

a) Proceeds of appeal

The proceeds of appeal represent amounts received from gifts and Deeds of Covenant and the associated tax repayments received. No account is taken of any future amounts receivable under Deeds of Covenant.

b) Fete and other income

Fete and other income represents proceeds received from a fete and other organised money raising activities.