

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1996

FOR

BALLARD SCHOOLS LIMITED
(formerly Fernhill Manor School Limited)
(Limited by Guarantee)



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BALLARD SCHOOLS LIMITED
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COMPANY INFORMATION

Council of Management: Mr J Singleton (Chairman)
Mr G L Alexander
Mrs Anne Beeby
Mrs M L Blake
Mrs J M W Cansdale
Rev R Drown
Mrs S Jones
Mr C Knox
Lady S Reardon Smith

Secretary: Mr R B M Lobo (appointed 25/6/96)
Mr C Knox (resigned 25/6/96)

Registered Office: Fernhill Lane
New Milton
Hampshire
BH25 5JL

Registered Charity Number: 307328

Company Number: 733644

Auditors: Smith and Williamson
Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

Bankers: Midland Bank plc
59 Old Christchurch Road
Bournemouth
Dorset BH1 1EH

Solicitors: Derek T Wilkinson & Co
4 Duxley Chine Road
Bournemouth
Dorset BH2 5QT

BALLARD SCHOOLS LIMITED
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REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management submit their report and the audited financial statements for the year ended 31 August 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continued to be that of a Co-Educational day and boarding school, comprising, Ballard College and Ballard Lake Preparatory School. The Council of Management are disappointed with the result for the year but due to the merger with Edinburgh House School are hopeful of a return to surpluses in future periods. The results for the year and state of the company's affairs are shown in the attached financial statements. The surplus transferred to reserves will be £261,150. Recruitment of pupils during the subsequent academic year has been encouraging and continues to improve.

DIVIDENDS

The company is limited by guarantee and is not entitled to distribute dividends.

COUNCIL MEMBERS AND THEIR RESPONSIBILITIES

For the purpose of this report, directors are described as Council Members. The Council Members who held office during the year are listed on page 1. None of the Council Members receives any remuneration or benefits from the Company.

The Council Members retiring by rotation are Mrs Anne Beeby, Mrs J Cansdale and Reverend Drown who, being eligible, will offer themselves for re-election.

Company law requires the council members 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 surplus or deficit of the company for that period. In preparing those financial statements, the council members 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 council members 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.

POST BALANCE SHEET EVENT

On 7 November 1996, the company exchanged contracts for the sale of tennis courts for £160,500.

AUDITORS

The auditors, Smith and Williamson, have indicated their willingness to continue in office in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE COUNCIL

J R Singleton
(Chairman)

Dated 13.3.97

REPORT OF THE AUDITORS TO THE COUNCIL OF MANAGEMENT

BALLARD SCHOOLS LIMITED
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We have audited the financial statements on pages four to eleven which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages six and seven.

Respective Responsibilities of Council Members and Auditors

As described on page two the council members are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 council members 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, 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 31 August 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SMITH AND WILLIAMSON
Chartered Accountants
Registered Auditor
Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

14 April 1997

BALLARD SCHOOLS LIMITED
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INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1996

	Note	1996		1995	
		£	£	£	£
FEES AND EXTRAS	2		1,567,843		991,616
Other Operating Income			27,191		25,927
			-----		-----
			1,595,034		1,017,543
Other External Charges		454,009		415,958	
Staff Costs	3	1,302,677		886,232	
Depreciation of Tangible Fixed Assets		14,946		17,036	
Amortisation		32,500		-	
		-----		-----	
			1,804,132		1,319,226
			-----		-----
OPERATING DEFICIT	4		(209,098)		(301,683)
Interest Payable and Similar Charges	5	(78,202)		(111)	
Interest Receivable	6	2,493		5,800	
		-----		-----	
			(75,709)		5,689
			-----		-----
DEFICIT ON ORDINARY ACTIVITIES			(284,807)		(295,994)
EXCEPTIONAL ITEMS:					
Surplus on sale of fixed assets 7			545,957		-
			-----		-----
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR			261,150		(295,994)
RETAINED SURPLUS BROUGHT FORWARD			383,813		679,807
			-----		-----
RETAINED SURPLUS CARRIED FORWARD			£644,963		£383,813
			=====		=====

There were no recognised gains or losses in 1996 or 1995 other than the surplus (1995: deficit) for the year, and all operations are classed as continuing.

The notes form part of these financial statements.

BALLARD SCHOOLS LIMITED
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BALANCE SHEET
AS AT 31 AUGUST 1996

	Note	1996	1995
		£	£
FIXED ASSETS			
Tangible Assets	9	1,835,713	1,238,890
Goodwill	10	97,500	130,000
		-----	-----
		1,933,213	1,368,890
CURRENT ASSETS			
Stocks	11	7,668	3,903
Debtors	12	55,260	31,324
Cash at Bank and in Hand		1,998	1,305
		-----	-----
		64,926	36,532
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	13	(806,470)	(961,115)
		-----	-----
NET CURRENT LIABILITIES		(741,544)	(924,583)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		1,191,669	444,307
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	14	(546,706)	(60,494)
		-----	-----
		£644,963	£383,813
		=====	=====
RESERVES			
Income and Expenditure Account		£644,963	£383,813
		=====	=====

Approved by the Council of Management on 13.3.97
and signed on their behalf by:

J Singleton
Chairman

The notes form part of these financial statements.

BALLARD SCHOOLS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) **Basis of Accounting:**

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

(b) **Depreciation:**

The council members do not consider it appropriate to depreciate the freehold school buildings. This is contrary to SSAP12. However, the property is maintained to ensure that its value does not diminish over time and the maintenance costs are charged to the income and expenditure account in the year incurred.

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

Furniture, Fittings and Equipment	- 25% reducing balance basis
Heating Installation	- 10% straight line basis
Fire Precaution Work	- 10% straight line basis
Swimming Pool	- 10% straight line basis
Minibus	- 25% reducing balance basis
Office Computer	- 20% straight line basis
Equipment	- 25% reducing balance basis
School Computers	- 20% reducing balance basis

(c) **Stocks:**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less selling costs.

(d) **Leasing Commitments:**

Finance Leases:

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of these obligations is charged to the income and expenditure account over the relevant period and represents a proportion of the balance of capital repayments outstanding. The capital element of the future repayments is treated as a liability.

Operating Leases:

Rentals payable under operating leases are charged to the income and expenditure account on the straight line basis over the lease term.

(e) **Pensions:**

Ballard Schools Limited operates a defined contribution pension scheme for non-teaching staff.

A separate scheme is operated for teaching staff whereby contributions are paid to the Teachers' Pensions Agency.

Contributions payable for the year for both schemes are charged in the income and expenditure account (note 3).

(f) **Goodwill**

The goodwill relates to the purchase of Edinburgh House School. The council of management have agreed that this purchased goodwill should be written off over four years based on the average age of pupils taken over.

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NOTES TO THE FINANCIAL STATEMENTS

(g) Cash Flow Statement:

The company is a small company under the Companies Act and has taken advantage of the exemption relating to Cash Flow statements, and has not prepared a Cash Flow Statement (FRS 1).

2. FEES AND EXTRAS

Fees and extras represent charges made for school fees in respect of the year and include chargeable extras relating to that year, after deducting scholarships, bursaries and allowances.

The fees, extras and surplus (1995 - deficit) are attributable to the one principal activity of the company.

3. STAFF NUMBERS AND COSTS

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

	1996	1995
	No.	No.
Administration	6	5
Educational	48	34
Establishment	7	5
Housekeeping	37	29
	--	--
	98	73
	==	==

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and Salaries	1,148,287	763,101
Social Security Costs	84,484	59,289
Other Pension Costs	69,906	51,842
Compensation Costs	-	12,000
	-----	-----
	1,302,677	886,232
	=====	=====

4. OPERATING DEFICIT

is stated after charging:

	1996	1995
	£	£
Auditors' Remuneration	4,319	3,591
Operating Leases: Hire of Equipment	17,443	8,045
Depreciation - Owned Assets	9,337	10,552
Depreciation - Leased Assets	5,609	6,484
Goodwill Amortisation	32,500	-
Loss on Disposal of Fixed Assets	-	423
	=====	=====

5. INTEREST PAYABLE

	1996	1995
	£	£
Bank loan interest	70,094	-
Bank overdraft interest	7,090	-
Finance charges on capitalised Finance leases	1,018	111
	-----	-----
	78,202	111
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

6. INTEREST RECEIVABLE

	1996	1995
	£	£
Bank Deposit Interest	2,493	5,800
	=====	=====

7. EXCEPTIONAL ITEM

The exceptional item relates to profit on sale of fixed assets and is made up as follows:

	1996
	£
Sale proceeds 6 Avenue Road	100,000
Sale proceeds hockey field	512,854
Cost of 6 Avenue Road	(50,000)
Solicitor's fees re sales	(5,000)
Estate Agent and other professional fees re sales	(11,897)

	545,957
	=====

8. TAXATION

The company is registered with the Charity Commissioners as an educational charity and, in accordance with Section 505 of the Income and Corporation Taxes Act 1988, is exempt from taxation insofar as income is applied to Charitable purposes only.

9. TANGIBLE FIXED ASSETS

	Total	Freehold Property	Furniture, Fittings and Equipment	Heating Install- ation	Fire Precaution Work
	£	£	£	£	£
COST					
As at 1 September 1995	1,645,994	1,384,322	122,188	33,378	13,554
Additions	661,769	644,075	5,732	-	-
Disposals	(50,000)	(50,000)	-	-	-
	-----	-----	-----	-----	-----
As at 31 August 1996	2,257,763	1,978,397	127,920	33,378	13,554
	-----	-----	-----	-----	-----
DEPRECIATION					
As at 1 September 1995	407,104	194,416	112,596	30,748	13,554
Charge for the Year	14,946	-	3,551	529	-
	-----	-----	-----	-----	-----
As at 31 August 1996	422,050	194,416	116,147	31,277	13,554
	-----	-----	-----	-----	-----
NET BOOK VALUE					
As at 31 August 1996	1,835,713	1,783,981	11,773	2,101	-
	=====	=====	=====	=====	=====
As at 31 August 1995	1,238,890	1,189,906	9,592	2,630	-
	=====	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS

	Minibus	Swimming Pool	Leased Office Computer	Leased Equipment	School Computers
	£	£	£	£	£
COST					
As at 1 September 1995	35,357	8,674	19,138	3,902	25,481
Additions	-	-	8,976	2,986	-
As at 1 August 1996	35,357	8,674	28,114	6,888	25,481
DEPRECIATION					
As at 1 September 1995	17,041	8,674	19,138	2,766	8,171
Charge for the Year	4,579	-	1,795	1,030	3,462
As at 31 August 1996	21,620	8,674	20,933	3,796	11,633
NET BOOK VALUE					
As at 31 August 1996	13,737	-	7,181	3,092	13,848
As at 31 August 1995	18,316	-	-	1,136	17,310

10. GOODWILL

	Goodwill
	£
COST	
As at 1 September 1995 and 31 August 1996	130,000
AMORTISATION	
Charge for the Year	32,500
NET BOOK VALUE	
As at 31 August 1996	97,500
As at 31 August 1995	130,000

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NOTES TO THE FINANCIAL STATEMENTS

11. STOCKS	1996	1995
	£	£
Goods held for Resale	2,225	500
Consumables	5,443	3,403
	-----	-----
	7,668	3,903
	=====	=====
12. DEBTORS	1996	1995
	£	£
Fees and Extras	23,740	18,916
Other Debtors	23,596	4,863
Prepayments	7,924	7,545
	-----	-----
	55,260	31,324
	=====	=====
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1996	1995
	£	£
Fees Received in Advance	129,381	103,547
Other Creditors	113,732	98,887
Accruals	30,402	37,963
Bank Overdraft	404,595	18,536
Finance Lease (See Note 16)	5,136	4,017
Bank Loan	-	650,000
Other Tax and Social Security	66,996	48,165
Bank Loan (Phase 2)	56,228	-
	-----	-----
	806,470	961,115
	=====	=====

The bank loan and overdraft is secured by way of a fixed and floating charge over the company's freehold property and land.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1996	1995
	£	£
Finance Lease (See Note 16)	7,129	10,494
Bank Loan (Phase 2)	523,657	50,000
Other Creditors	15,920	-
	-----	-----
	546,706	60,494
	=====	=====

15. CONSTITUTION OF THE COMPANY

The company is limited by guarantee, and each member is under covenant to contribute a sum not exceeding one pound sterling in certain circumstances as set out in clause 6 to the Memorandum of Association.

The number of members is 9. (1995 : 9)