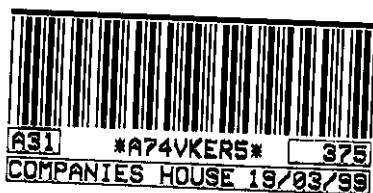


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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
FOR
BALLARD SCHOOLS LIMITED
(Limited by Guarantee)



BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

INDEX TO THE FINANCIAL STATEMENTS

	Page
Company Information	1
Report of the Council of Management	2 - 4
Report of the Auditors	5
Statement of Financial Activities	6 - 7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	11 - 21

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

COMPANY INFORMATION

Council of Management: Mr J K Broadley (Chairman - appointed 25/9/97)
Mr G L Alexander
Mrs M L Blake
Mrs J M W Cansdale
*Rev R Drown
*Mr J Singleton (resigned 15/6/98)
*Mrs Anne Beeby
Mr P Rogers
Mrs P Bellars (appointed 12/3/98)
Mr W Howard (appointed 12/3/98)
Capt. P Messinger (appointed 12/3/98)
Mrs L K Simkins (appointed 12/3/98)
Mrs M Stevenson (appointed 12/3/98)

*Members of the Executive Committee

Secretary: Mr R B M Lobo

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 Durley Chine Road
Bournemouth
Dorset BH2 5QT

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

The management submit their report and financial statements for the year ended 31 August 1998.

These financial statements have been prepared in accordance with the Charities SORP which came into effect on 1 March 1997.

LEGAL AND ADMINISTRATIVE INFORMATION

Details of the following may be found on page 1 of these financial statements:

Members of the Council of Management
Registered Office
Bankers
Solicitors
Auditors
Company registration number
Charity registration number

The charity is a limited company, limited by guarantee and is governed by its memorandum and articles of association.

METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

Prospective Trustees are nominated by current Trustees. Credentials are then discussed at Council Meetings and details circulated through the Minutes. Unless objections are raised upon receipt of the minutes, the potential candidate is invited to attend the following Council Meeting. Voting then takes place for the appointment to the Association for a 3 month "probationary period", then co-opted onto the Board and ratified at the AGM.

Any Council Member can nominate, but appointment can only take place by vote.

OTHER INFORMATION

The company is a day and boarding school for girls and boys, comprising, Ballard College and Ballard Lake Preparatory School.

The school aims to provide first class education combined with sound religious training on Protestant and Evangelical principles.

The general management of the charity is carried out by the Council of Management.

R Lobo is the Bursar and deals with the day to day financial affairs of the school.

Miss G Morris and Mr P Stockdale are heads of the junior and senior schools respectively.

REVIEW OF THE YEAR'S ACTIVITIES

The results for the year and financial position of the company are as shown in the annexed financial statements. The retained realised surplus transferred from reserves will be £37,840.

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

INTRODUCTION BY CHAIRMAN

I am pleased to report that Ballard Schools continues to thrive in a positive and determined manner. The high standards, excellent facilities, caring atmosphere and commendable public examination results bear testament to the dedication and professionalism of the staff.

On 5th February 1998, the parents and staff were advised of the board's decision to co-locate both schools onto one site. Planning Applications were submitted to New Forest District Council. The outcome was most satisfactory and hugely beneficial to the future success of Ballard School and is evinced in the post-balance sheet report.

HEADMASTERS REPORT OF THE SENIOR SCHOOL

Examination results at both A and GCSE Levels for 1998 were excellent, with pass rates of 87% for both, continuing the School's fine record.

Such results placed the College amongst the top schools in Dorset and Hampshire. As ever, however, the bare statistics masked the 'value-added' to many individuals whose performances exceeded any reasonable expectations. This ability to support individuals and draw out the best in them remains a hallmark of the College's educational provision.

HEADMISTRESS' REPORT OF THE JUNIOR SCHOOL

Pupil numbers continued to increase and in July 1997, there were 254 boys and girls in the Pre-Prep and Prep School with 42 in the Nursery.

Examination results were good: 11 were awarded Grammar School places; 7 Scholarships and Exhibitions were gained at Public Schools in Art, Sport and all-round, as well as Academic.

BURSARS REPORT

The turn-out for 1998/99 reflected the budget and bore evidence of sound management and prudent fiscal practices. The constant review of performance during the year prompted appropriate adjustments thus permitting a smooth, uninterrupted operation.

POST BALANCE SHEET EVENTS

The Planning Applications were tabled at a NFDC Meeting on 14th October 1998, but a decision was deferred pending a site visit by Councillors. Following the inspection on 28th October 1998, all the applications (subject to minor amendments) received approval at the next Council Meeting held on 4th November 1998.

Four hectares of the water meadow were offered as Public Open Space; this offer was readily accepted.

Sealed bids had been invited for the sale of the College site and at a meeting of Council on 21st December 1998, it was resolved to sell the site. The funds realised will enable the loans and the overdraft facility to be cleared and the remainder of the funds will enable the construction of a two-storey classroom block, the extension and conversion of the present Music Suite for Pre-Prep accommodation, the creation of a Performing Arts Centre and the extension of the Farmhouse as the Headmaster's ex-officio accommodation.

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

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.

YEAR 2000 COMPLIANCE AND EURO REVIEW

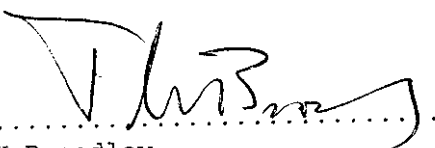
As far as we are aware the computer systems used as a basis in the preparation of these financial statements are year 2000 compliant. Plans have been made to reduce risk to the school wherever possible.

The school has no plans to implement systems that allow transactions using the Euro currency. Currently it is not felt that this issue will impact materially, if at all, on the school.

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 K Broadley
(Chairman)

.....11/12/1998.....
Dated:

REPORT OF THE AUDITORS TO THE COUNCIL OF MANAGEMENT

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

We have audited the financial statements on pages six to twenty-one which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages eleven and twelve.

Respective Responsibilities of Council Members and Auditors

As described on page four 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 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, 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 at 31 August 1998 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 Auditors
Old Library Chambers
21 Chipper Lane
Salisbury
Wiltshire SP1 1BG

Dated : 18th March 1999

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)
STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 August 1998

INCOME AND EXPENDITURE Notes	1998		Restricted Funds	Total	1997
	Unrestricted School	Funds Other			
	£	£	£	£	£
INCOMING RESOURCES					
School fees - gross	1,910,019	-	-	1,910,019	1,745,675
Extras	-	33,118	-	33,118	30,250
	-----	-----	-----	-----	-----
	1,910,019	33,118	-	1,943,137	1,775,925
Less: Grants, scholarships bursaries and other allowances	173,257	-	-	173,257	177,851
	-----	-----	-----	-----	-----
	1,736,762	33,118	-	1,769,880	1,598,074
Entrance fees	5,690	-	-	5,690	5,990
Holiday and other lettings	-	13,770	-	13,770	17,223
Rent received	-	29,808	-	29,808	30,371
Investment income	-	94	-	94	267
Wayleave	-	2,040	-	2,040	2,040
Insurance commission	-	2,471	-	2,471	1,467
Donations	-	20	3,666	3,686	800
Milk subsidy	-	159	-	159	667
Other income	-	2,037	-	2,037	2,427
	-----	-----	-----	-----	-----
Total Incoming Resources	1,742,452	83,517	3,666	1,829,635	1,659,326
	-----	-----	-----	-----	-----
RESOURCES EXPENDED					
Direct Charitable Expenditure					
Education 5	1,009,082	-	3,193	1,012,275	909,273
Housekeeping 6	270,929	-	-	270,929	270,913
Establishment 7	241,435	-	-	241,435	232,555
Administration 8	55,701	-	-	55,701	51,450
Bank charges and interest	83,642	-	-	83,642	75,604
	-----	-----	-----	-----	-----
	1,660,789	-	3,193	1,663,982	1,539,795
	-----	-----	-----	-----	-----
Other Expenditure					
Management and administration of the school 9	123,476	-	-	123,476	130,333
Fundraising and publicity 10	4,337	-	-	4,337	12,685
	-----	-----	-----	-----	-----
	127,813	-	-	127,813	143,018
	-----	-----	-----	-----	-----
Total Resources Expended	1,788,602	-	3,193	1,791,795	1,682,813
	-----	-----	-----	-----	-----

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)
STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 August 1998

INCOME AND EXPENDITURE	1998		Restricted Funds	Total £	1997
	Unrestricted School £	Funds Other £			£
Net incoming/(outgoing) resources before transfers and revaluations	(46,150)	83,517	473	37,840	(23,487)
Transfers between funds	83,990	(83,517)	(473)	-	-
	-----	-----	----	-----	-----
Net incoming/(outgoing) resources	37,840	-	-	37,840	(23,487)
Balances brought forward at 1 September 1997	621,476	-	-	621,476	644,963
	-----	-----	----	-----	-----
Balances carried forward at 31 August 1998	659,316	-	-	659,316	621,476
	=====	=====	=====	=====	=====

There were no recognised gains or losses in 1998 or 1997 other than the surplus/(deficit) for the year. All operations are classed as continuing and there is no material difference between the results as stated and the results on a historical cost basis.

The notes form part of these financial statements

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

BALANCE SHEET
As at 31 August 1998

	Note	1998	1997
		£	£
FIXED ASSETS			
Tangible assets	14	1,863,057	1,829,617
Goodwill	15	32,500	65,000
		-----	-----
		1,895,557	1,894,617
CURRENT ASSETS			
Stocks	16	6,977	8,508
Debtors	17	38,627	41,150
Cash at bank and in hand		2,202	2,251
		-----	-----
		47,806	51,909
CREDITORS: Amounts falling due within one year	18	(734,043)	(782,493)
		-----	-----
NET CURRENT LIABILITIES		(686,237)	(730,584)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		1,209,320	1,164,033
CREDITORS: Amounts falling due after more than one year	19	(550,004)	(542,557)
		-----	-----
		£659,316	£621,476
		=====	=====
RESERVES			
Income and expenditure account		659,316	620,676
Computer fund		-	800
		-----	-----
		£659,316	£621,476
		=====	=====

Approved by the Council of Management on ... 31/8/98 and signed on their behalf by:

.....
J K Broadley
Chairman

The notes form part of these financial statements.

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

CASH FLOW STATEMENT
For the year ended 31 August 1998

	Notes	1998 £	1997 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	A	115,316	(85,317)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	B	(80,783)	(73,049)
CAPITAL EXPENDITURE	C	(35,440)	146,114
FINANCING	D	(6,895)	(3,889)
DECREASE IN CASH		----- (7,802) =====	----- (16,141) =====
RECONCILIATION OF NET CASH OUTFLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the year		(7,802)	(16,141)
New hire purchase contracts		(20,856)	-
Cash used to repay finance lease hire purchase liabilities		6,485	5,136
Cash used to repay loans		56,250	56,250
Interest charged to loan account		(55,840)	(57,497)
		----- (21,763)	----- (12,252)
Net debt at 1 September 1997		(1,006,999)	(994,747)
Net debt at 31 August 1998	E	----- £(1,028,762) =====	----- £(1,006,999) =====

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE CASH FLOW STATEMENT
For the year ended 31 August 1998

A RECONCILIATION OF NET INCOMING/(OUTGOING)				
RESOURCES TO NET CASH INFLOW/(OUTFLOW)				
FROM OPERATING ACTIVITIES				
	1998		1997	
	£		£	
Net incoming/(outgoing) resources	37,840		(23,487)	
Interest receivable	(94)		(267)	
Interest payable	81,427		73,416	
Depreciation and amortisation charges	49,678		45,671	
Loss/(profit) on fixes asset disposal	5,678		(153,189)	
Decrease/(increase) in stocks	1,531		(840)	
Decrease in debtors	2,523		14,110	
Decrease in creditors	(63,267)		(40,731)	
	-----		-----	
	115,316		(85,317)	
	=====		=====	
B RETURNS ON INVESTMENT AND				
SERVICING OF FINANCE				
Interest received	94		267	
Bank interest paid	(78,851)		(72,207)	
Finance lease				
and hire purchase interest	(2,026)		(1,109)	
	-----		-----	
	(80,783)		(73,049)	
	=====		=====	
C CAPITAL EXPENDITURE				
Receipts from disposal of				
tangible fixed assets	2,194		153,189	
Payments to acquire tangible				
fixes assets	(37,634)		(7,075)	
	-----		-----	
	(35,440)		146,114	
	=====		=====	
D FINANCING				
Interest charged to loan account	55,840		57,497	
Loan repayments	(56,250)		(56,250)	
Finance lease and hire purchase				
repayments	(6,485)		(5,136)	
	-----		-----	
	(6,895)		(3,889)	
	=====		=====	
E ANALYSIS OF CHANGES IN NET DEBT				
	At 1 September		Non-cash	At 31 August
	1997	Cashflows	items	1998
	£	£	£	£
Cash in hand	2,251	(49)	-	2,202
Overdrafts	(420,989)	(7,753)	-	(428,742)

		(7,802)		
Debt due within one year	(56,256)	-	-	(56,256)
Debt due after one year	(524,876)	410	-	(524,466)
Finance lease and hire				
purchase liabilities	(7,129)	6,485	(20,856)	(21,500)
	-----	-----	-----	-----
	(1,006,999)	(907)	(20,856)	(1,028,762)
	=====	=====	=====	=====

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

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 and the Charities SORP (Statement of Recommended Practice 'Accounting by Charities').

The format of the financial statements has been changed in order to comply with the Charities SORP.

(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 Department of Education and Science.

Contributions payable for the year for both schemes are charged in the Statement of Financial Activities (note 3).

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

(f) Voluntary income:

Voluntary income is received by way of donations, gifts and fund raising activities. The income is all credited to the Statement of Financial Activities on a receipts basis.

(g) Expenditure:

All expenditure other than that which has been capitalised, is included in the Statement of Financial Activities.

(h) Fixed assets:

Fixed assets are stated at the original cost, or if donated, the value at date of receipt.

(i) Allocation of costs:

The administration staff cost and various other support costs were allocated between 'administration' and 'management and administration' on the proportion of time the administration team spend on these two types of work, with the result being approximately 40% administration and 60% management and administration.

(j) Restricted funds:

The Charity's restricted funds are those where the donor has imposed restrictions on the use of funds.

(k) 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 remaining school life of the pupils who transferred.

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.

The fees, extras and surplus 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:

	1998	1997
	No.	No.
Administration	6	6
Educational	50	48
Establishment	6	6
Housekeeping	37	37
	--	--
	99	97
	==	==

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£	£
Wages and salaries	1,141,542	1,155,401
Social security costs	84,607	86,415
Other pension costs	58,211	62,282
Compensation costs	1,721	29,665
	-----	-----
	1,286,081	1,333,763
	=====	=====

During the year trustees expenses totalling £135 were reimbursed. These related to travelling expenses for 3 trustees.

4. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation and amortisation £	Auditors remuneration £	Operating leases £	Other £	Total £
Education	944,664	4,977	-	4,026	58,608	1,012,275
Housekeeping	176,665	309	-	-	93,955	270,929
Establishment	58,987	9,749	-	1,630	171,069	241,435
Administration	42,306	857	-	3,285	9,253	55,701
Finance charges	-	-	-	-	83,642	83,642
Management and administration	63,459	33,786	4,671	4,928	16,632	123,476
Fundraising and publicity	-	-	-	-	4,337	4,337
	-----	-----	-----	-----	-----	-----
	1,286,081	49,678	4,671	13,869	437,496	1,791,795
	=====	=====	=====	=====	=====	=====

The other management and administration expenses can be analysed as follows:

	1998	1997
	£	£
Telephone	3,400	3,003
Printing, postage and stationery	5,172	5,277
Professional fees	4,150	1,468
Amalgamation costs	-	11,941
Computer costs	2,918	2,770
Other	427	200
Travelling	565	955
	-----	-----
	16,632	25,614
	=====	=====

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

5. EDUCATION

	1998	1997
	£	£
Teaching salaries - Senior	360,554	398,793
- Junior	582,389	564,056
Teaching books and materials	51,138	51,637
Depreciation	4,977	6,302
Legal and professional fees	1,375	2,121
Compensation payments	1,721	29,665
Leasing charges	4,026	3,128
Bad debts	417	6,760
Loss/(profit) on sale of assets (exceptional item - see note 11)	5,678	(153,189)
	-----	-----
	1,012,275	909,273
	=====	=====

6. HOUSEKEEPING

	1998	1997
	£	£
Matron and domestic staff salaries and wages	176,665	182,188
Boarding expenses	1,138	1,474
Provisions	63,050	63,919
Cleaning	6,450	6,880
Laundry	165	90
Contract cleaning	7,321	4,050
Consumables	11,351	8,756
Equipment	4,237	2,752
Depreciation	309	338
Staff advertising	243	466
	-----	-----
	270,929	270,913
	=====	=====

7. ESTABLISHMENT

	1998	1997
	£	£
Maintenance and Grounds salaries and wages	58,987	57,404
Rent payable	45,778	34,202
Rates and water	29,390	29,707
Light and heat	40,359	49,619
Insurances	8,201	15,477
Repairs and renewals	22,172	17,729
Swimming pool	888	(55)
Minibuses	15,724	13,678
Depreciation	9,749	4,272
Minibus leasing charges	1,630	4,440
Grounds	2,072	2,011
Refurbishment - Duplock House	6,485	4,071
	-----	-----
	241,435	232,555
	=====	=====

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

8. ADMINISTRATION

	1998	1997
	£	£
Office and administration salaries	42,306	40,663
Professional legal and consultancy	2,733	145
Staff advertising	88	20
Telephone	2,266	2,002
Travelling and training	376	636
Sundry	160	(12)
Equipment leasing	3,285	3,450
Equipment	182	124
Depreciation	857	904
Stationery and printing	1,958	2,012
Postage	1,490	1,506
	-----	-----
	55,701	51,450
	=====	=====

9. MANAGEMENT AND ADMINISTRATION

	1998	1997
	£	£
Amalgamation costs include the following:		
Sale of assets/acquisition of EHS Freehold	-	4,657
Refurbishment	-	2,098
Project manager	-	5,186
Office and administration salaries	63,459	60,994
Professional legal and consultancy	4,150	1,468
Staff advertising	133	31
Telephone	3,400	3,003
Travelling and training	565	955
Sundry	22	(17)
Depreciation	1,286	1,355
Audit	4,671	4,694
Computer costs	2,918	2,770
Stationery and printing	2,937	3,019
Postage	2,235	2,258
Equipment leasing	4,928	5,176
Equipment	272	186
Amortisation	32,500	32,500
	-----	-----
	123,476	130,333
	=====	=====

10. FUNDRAISING AND PUBLICITY

	1998	1997
	£	£
Advertising	4,337	12,685
	-----	-----
	4,337	12,685
	=====	=====

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

11. EXCEPTIONAL ITEMS

The exceptional items for the previous year relates to the sale of assets.

	1998	1997
		Tennis
		Courts
Sale proceeds	-	161,500
Professional fees re sale	-	(8,311)
	-----	-----
	-	153,189
	=====	=====

12. SURPLUS/(DEFICIT) FOR THE YEAR
is after charging:

	1998	1997
	£	£
Finance charges on capitalised finance leases	2,026	1,109
Auditors' remuneration	4,671	4,694
Taxation and other financial advice	3,149	5,996
Operating leases: hire of equipment	9,843	16,194
Depreciation - owned assets	16,377	10,603
Depreciation - leased assets	801	2,568
Goodwill amortisation	32,500	32,500
Loss/(profit) on disposal of fixed assets	5,678	(153,189)
	=====	=====
and after crediting:		
Interest receivable	94	267
	=====	=====

13. 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.

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

14. TANGIBLE FIXED ASSETS

	Total	Freehold property	Furniture, fittings and equipment	Heating install- ation	Fire precaution work
	£	£	£	£	£
COST					
1 September 1997	2,264,838	1,981,275	129,688	33,378	13,554
Additions	58,490	23,790	2,211	1,702	-
Disposals	(19,219)	-	-	-	-
31 August 1998	2,304,109	2,005,065	131,899	35,080	13,554
DEPRECIATION					
1 September 1997	435,221	194,416	119,532	31,806	13,554
Charge for the year	17,178	-	3,092	699	-
Eliminated on disposals	(11,347)	-	-	-	-
31 August 1998	441,052	194,416	122,624	32,505	13,554
NET BOOK VALUE					
31 August 1998	£1,863,057	£1,810,649	£9,275	£2,575	£-
31 August 1997	£1,829,617	£1,786,859	£10,156	£1,572	£-
	Minibus	Swimming pool	Leased office computer	Leased equipment	School computers
	£	£	£	£	£
COST					
1 September 1997	35,357	8,674	28,114	6,888	27,910
Additions	24,969	-	-	-	5,818
Disposals	-	-	-	-	(19,219)
31 August 1998	60,326	8,674	28,114	6,888	14,509
DEPRECIATION					
1 September 1997	25,054	8,674	22,728	4,569	14,888
Charge for the year	8,818	-	1,795	580	2,194
Eliminated on disposals	-	-	-	-	(11,347)
31 August 1998	33,872	8,674	24,523	5,149	5,735
NET BOOK VALUE					
31 August 1998	£26,454	£-	£3,591	£1,739	£8,774
31 August 1997	£10,303	£-	£5,386	£2,319	£13,022

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

15. GOODWILL

	Goodwill

COST	£
As at 1 September 1997	
and 31 August 1998	130,000

AMORTISATION	
As at 1 September 1997	65,000
Charge for the Year	32,500

NET BOOK VALUE	97,500

As at 31 August 1998	32,500
	=====
As at 31 August 1997	65,000
	=====

16. STOCKS

	1998	1997
	£	£
Goods held for resale	1,103	1,592
Consumables	5,874	6,916
	-----	-----
	6,977	8,508
	=====	=====

17. DEBTORS

	1998	1997
	£	£
Fees and extras	18,404	21,057
Other debtors	7,472	6,772
Prepayments	12,751	13,321
	-----	-----
	38,627	41,150
	=====	=====

18. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1998	1997
	£	£
Bank overdraft	428,742	420,989
Bank loan	56,256	56,256
Fees received in advance	120,919	119,529
Other creditors	42,738	56,193
Accruals	39,669	41,841
Finance lease and hire purchase obligations (see note 21)	5,962	4,448
Other tax and social security	39,757	83,237
	-----	-----
	734,043	782,493
	-----	-----

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

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

**19. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1998 £	1997 £
Bank loan (phase 2)	524,466	524,876
Finance lease and hire purchase obligations (see note 21)	15,538	2,681
Compensation	10,000	15,000
	-----	-----
	550,004	542,557
	=====	=====

The Midland Bank has loaned a total of £600,000 comprising a Fixed Interest Loan of £300,000 and a loan of £300,000. The fixed interest charge is for a period of 10 years and is for a term of 15 years. The loan is also for a 15 year term at a rate set at 2% over the Midland's Base Rate as published. The monthly repayment of the loan is £2,983.93 inclusive of interest. In addition, the Midland has permitted an Overdraft Facility of up to £450,000.

There are various covenants attached to the Midland's financial support which are as follows:

- a. Termly Accounts to be received within 28 days of term end. Term end defined as 31st December, 30th April and 31st August.
- b. Monthly cashflow comparison - actual -v- budget (any variance beyond 5% to be subject to explanation).
- c. Monthly updated list of pupil registrations and pupils in school.
- d. No capital expenditure without prior approval of the Bank.
- e. No increases in teaching staff without approval of School Finance Committee and concurrence of Bank. To be evaluated on a cost/income justification basis.
- f. Right for Bank to require Professional Valuation of Ballard School at School's expense, if so required.

20. 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 12. (1997 : 8)

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

21. OBLIGATIONS UNDER FINANCE LEASE
AND HIRE PURCHASE OBLIGATIONS

	1998	1997
	£	£
Payable in year ending:		
31 August 1998	-	5,431
31 August 1999	7,983	3,303
31 August 2000	20,200	-
	-----	-----
	28,183	8,734
Less: Finance charges allocated to future periods	6,683	1,605
	-----	-----
	21,500	7,129
	=====	=====
Summary:		
Current liability	5,962	4,448
Non-current liability	15,538	2,681
	-----	-----
	21,500	7,129
	=====	=====

The finance lease and hire purchase liabilities are secured on the assets to which they relate.

OBLIGATIONS UNDER OPERATING LEASES

For operating leases, payments committed to be made during the next year:

	1998		1997	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases expiring:				
Within one year	-	-	-	-
Within two to five years	85,505	23,826	119,709	16,151
	=====	=====	=====	=====

22. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 1998 or 31 August 1997.

23. OTHER FINANCIAL COMMITMENTS

There were no other financial commitments at 31 August 1998 or 31 August 1997.

24. RESTRICTED FUNDS

	Balance 1 September 1997 £	Net movement in funds £	Balance 31 August 1998 £
Computer fund	800	(800)	-
	=====	=====	=====

BALLARD SCHOOLS LIMITED
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 August 1998

25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 August 1998 are represented by:			
- Fixed assets	1,895,557	-	1,895,557
- Current assets	47,806	-	47,806
- Current liabilities	(734,043)	-	(734,043)
- Long term liabilities	(550,004)	-	(550,004)
	-----	-----	-----
	659,316	-	659,316
	=====	=====	=====

26. RELATED PARTY TRANSACTIONS

During the year, school fees of £4,882 were received by the school from Mrs L K Simkins, a member of the Council of Management.

27. POST BALANCE SHEET

Subsequent to the year end, contracts to sell the college site were exchanged.