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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1995
FOR
FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)



FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

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FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

NOTICE IS HEREBY GIVEN that the thirty-second Annual General Meeting of the Company will be held at Fernhill Manor School, New Milton, Hampshire, on 14 March 1996 at 2.00 pm for the following purposes:

1. To receive and consider the financial statements for the year ended 31 August 1995, together with the reports of the Council of Management and the Auditors thereon.
2. To elect members to the Council of Management.
3. To re-appoint Smith and Williamson as Auditors and to authorise The Council of Management to fix their remuneration.
4. To receive the reports of the Headmaster and Headmistress.
5. To transact any other business which, under the company's Articles of Association, may be transacted at an ordinary general meeting.

Dated the 16th February 1996


Secretary

New Milton
Hampshire
BH25 5JL

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote for him, and such proxy need not be a member of the company. Such notice of appointment of proxy must be lodged at Fernhill Manor School, New Milton, Hampshire, BH25 5JL, not later than 48 hours before the meeting.

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

COMPANY INFORMATION

Council of Management:

Mr G L Alexander
Mrs M L Blake
Mrs J M W Cansdale
Rev R Drown
Mr H M Evans (Resigned 31/7/95)
Mrs S Jones
Mr C Knox
Lady S Reardon Smith
Mr J Singleton (Chairman)
Mrs Anne Beeby (Appointed 1/2/95)

Secretary:

Mrs L K Simkins (resigned 15/5/95)
Mr C Knox (appointed 15/5/95)

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

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management submit their report and the audited financial statements for the year ended 31 August 1995.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company continued to be that of a day and boarding school for girls during the year and is now known as the Ballards School, comprising, Ballard College and Ballard Lake Preparatory School. Since the start of the Autumn term 1995, the school has become co-educational. The Council of Management are disappointed with the result for the year but due to the recent 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 deficit transferred to reserves will be £295,994.

FIXED ASSETS

During the year the school purchased the freehold land and building and the goodwill of Edinburgh School at a total cost of £704,152. The council of management believe that the market value of the freeholds and land owned by the company at the end of the year to be approximately £2.4m.

In addition an initial sum of £13,135 was spent towards the construction of a new building at the old Edinburgh School site. The other additions include the replacement of a minibus at £25,652 and purchase of school computers £6,262.

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 Mr G Alexander, Mrs S Jones and Lady S Reardon Smith 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.

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

REPORT OF THE COUNCIL OF MANAGEMENT

POST BALANCE SHEET EVENT

Subsequent to the year end the school has entered into a contract for £665,847 to build a new gymnasium and new classroom block at the preparatory school. They have also disposed of hockey fields at the senior school for £512,000. The proceeds are being used to help finance the new building.

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

Member Richard Brown
Vice Chairman

Dated: 14 March 1996.

REPORT OF THE AUDITORS TO THE COUNCIL OF MANAGEMENT

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

We have audited the financial statements on pages five to eleven which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages seven and eight.

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 1995 and of its deficit 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

23 April 1996

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1995

	Note	1995	1994
		£	£
FEES AND EXTRAS	2	991,616	1,114,804
Other Operating Income		25,927	15,495
		-----	-----
		1,017,543	1,130,299
Other External Charges		415,958	224,263
Staff Costs	3	886,232	917,055
Depreciation of Tangible Fixed Assets	7	17,036	15,013
		-----	-----
		1,319,226	1,156,331
		-----	-----
OPERATING DEFICIT		(301,683)	(26,032)
Fixed Assets Written Off	4	-	9,510
		-----	-----
		(301,683)	(35,542)
Interest Payable and Similar Charges	5	(111)	(533)
Interest Receivable	5	5,800	12,250
		-----	-----
		5,689	11,717
		-----	-----
DEFICIT ON ORDINARY ACTIVITIES		(295,994)	(23,825)
RETAINED SURPLUS BROUGHT FORWARD		679,807	703,632
		-----	-----
RETAINED SURPLUS CARRIED FORWARD		£383,813	£679,807
		=====	=====

There were no recognised gains or losses in 1995 or 1994 other than the deficit for the year, and all operations are classed as continuing.

The notes form part of these financial statements.

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 1995

	Note	1995	1994
		£	£
FIXED ASSETS			
Tangible Assets	7	1,238,890	618,398
Goodwill	7a	130,000	-
CURRENT ASSETS			
Stocks	8	3,903	8,355
Debtors	9	31,324	72,912
Cash at Bank and in Hand		1,305	108,902
		-----	-----
		36,532	190,169
		-----	-----
CREDITORS: AMOUNTS FALLING DUE			
WITHIN ONE YEAR	10	961,115	127,652
		-----	-----
NET CURRENT (LIABILITIES)/ASSETS		(924,583)	62,517
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		444,307	680,915
CREDITORS: AMOUNTS FALLING DUE			
AFTER MORE THAN ONE YEAR	11	60,494	1,108
		-----	-----
		£383,813	£679,807
		=====	=====
RESERVES			
Income and Expenditure Account		£383,813	£679,807
		=====	=====

Approved by the Council of Management on 14/3./1996
and signed on their behalf by:

Chairman
Mr J Singleton

The notes form part of these financial statements.

FERNHILL MANOR SCHOOL LIMITED
(Limited by Guarantee)

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:

Fernhill Manor School 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 income and expenditure account (note 3).

FERNHILL MANOR SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

(f) 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 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:

	1995	1994
	No.	No.
Administration	5	5
Educational	34	35
Establishment	5	6
Housekeeping	29	31
	--	--
	73	77
	==	==

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and Salaries	763,101	798,913
Social Security Costs	59,289	61,595
Other Pension Costs	51,842	56,547
Compensation Costs	12,000	-
	-----	-----
	886,232	917,055
	=====	=====

4. FIXED ASSETS WRITTEN OFF

Phase IV Development	-	9,510
	=====	=====

5. DEFICIT FOR THE YEAR

is after charging:

	1995	1994
	£	£
Finance Charges on Capitalised Finance Leases	111	533
Auditors' Remuneration	3,591	4,119
Operating Leases: Hire of Equipment	8,045	4,666
Depreciation - Owned Assets	10,552	13,162
Depreciation - Leased Assets	6,484	1,851
Loss on Disposal of Fixed Assets	423	-
	=====	=====
and after crediting:		
Interest Receivable	5,800	12,250
	=====	=====

FERNHILL MANOR SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

6. 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.

7. TANGIBLE FIXED ASSETS

	Total	Freehold Property	Furniture, Fittings and Equipment	Heating Install- ation	Fire Precaution Work
	£	£	£	£	£
COST					
1 September 1994	1,021,118	777,035	122,188	28,088	13,554
Additions	639,401	607,287	-	5,290	-
Disposals	(14,525)	-	-	-	-
31 August 1995	1,645,994	1,384,322	122,188	33,378	13,554
DEPRECIATION					
1 September 1994	402,720	194,416	109,398	27,939	13,525
Charge for the Year	17,036	-	3,198	2,809	29
Written Back On Disposals	(12,652)	-	-	-	-
31 August 1995	407,104	194,416	112,596	30,748	13,554
NET BOOK VALUE					
31 August 1995	1,238,890	1,189,906	9,592	2,630	-
31 August 1994	618,398	582,619	12,790	149	29

	Minibus	Swimming Pool	Leased Office Computer	Leased Equipment	School Computers
	£	£	£	£	£
COST					
1 September 1994	29,320	8,674	19,138	3,902	19,219
Additions	20,562	-	-	-	6,262
Disposals	(14,525)	-	-	-	-
31 August 1995	35,357	8,674	19,138	3,902	25,481
DEPRECIATION					
1 September 1994	23,588	8,485	19,138	2,387	3,844
Charge For the Year	6,105	189	-	379	4,327
Written Back On Disposals	(12,652)	-	-	-	-
31 August 1995	17,041	8,674	19,138	2,766	8,171
NET BOOK VALUE					
31 August 1995	18,316	-	-	1,136	17,310
31 August 1994	5,732	189	-	1,515	15,375

FERNHILL MANOR SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

7a. GOODWILL

During the year the company paid £130,000 to Edinburgh House School for goodwill. The council of management have agreed that this purchased goodwill should be written off over four years based on the average age of the pupils taken over from Edinburgh House School.

8. STOCKS	1995	1994
	£	£
Goods held for Resale	500	5,696
Consumables	3,403	2,659
	-----	-----
	3,903	8,355
	=====	=====

9. DEBTORS	1995	1994
	£	£
Fees and Extras	18,916	17,944
Other Debtors	4,863	37,043
Prepayments	7,545	17,925
	-----	-----
	31,324	72,912
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1995	1994
	£	£
Fees Received in Advance	103,547	84,852
Other Creditors	98,887	15,110
Accruals	37,963	8,091
Bank Overdraft	18,536	-
Finance Lease (See Note 13)	4,017	443
Bank Loan	650,000	-
Other Tax and Social Security	48,165	19,156
	-----	-----
	961,115	127,652
	=====	=====

The bank loan and overdraft is secured by way of a fixed and floating charge over the company's freehold property and land. It is the intention that the loan will be repaid upon the sale of land, the headmasters bungalow and other assets. Contracts have been exchanged on the land sale at the year end.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1995	1994
	£	£
Finance Lease (See Note 13)	10,494	1,108
Bank Loan (Phase 2)	50,000	-
	-----	-----
	60,494	1,108
	=====	=====

12. 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. (1994 : 9)

FERNHILL MANOR SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

13. OBLIGATIONS UNDER FINANCE LEASES	1995 £	1994 £
Payable in Year Ending:		
31 August 1995	-	554
31 August 1996	4,958	554
31 August 1997	4,958	554
31 August 1998	4,682	278
31 August 1999	3,303	-
	-----	-----
	17,901	1,940
Less Finance Charges Allocated to Future Periods	3,390	389
	-----	-----
	14,511	1,551
	=====	=====
Summary:		
Current Liability	4,017	443
Non-current Liability	10,494	1,108
	-----	-----
	14,511	1,551
	=====	=====

The finance leases 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:

	£	£
Operating Leases Expiring:		
Within Two to Five Years	12,888	5,730
	=====	=====
After Five Years	-	2,315
	=====	=====

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 1995 or 31 August 1994.

15. OTHER FINANCIAL COMMITMENTS

There were no other financial commitments at 31 August 1995 or 31 August 1994.

16. POST BALANCE SHEET EVENT

Subsequent to the year end the school has entered into a contract for £665,847 to build a new gymnasium and new classroom block at the preparatory school. They have also disposed of hockey fields at the senior school for £512,000. The proceeds are being used to help finance the new building.