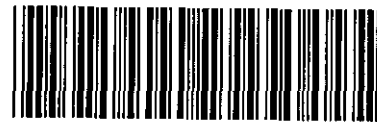




**ROSE HILL SCHOOL (ALDERLEY) LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 AUGUST 2006**

TUESDAY



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**Charity Number 311708**

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

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**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**REPORT OF THE GOVERNORS**

**YEAR ENDED 31 AUGUST 2006**

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The Governors, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 August 2006.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Charity Name** Rose Hill School (Alderley) Limited

**Charity Registration Number** 311708

**Company Registration Number** 911698

**Registered Office** Rose Hill School  
Alderley  
Wotton-under-Edge  
Gloucestershire  
GL12 7QT

# **ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE**

## **REPORT OF THE GOVERNORS** *(continued)*

**YEAR ENDED 31 AUGUST 2006**

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### **The Governors**

The Governors who served the School during the period were as follows:

Mr. J.C. Maxwell*	(Chairman to 3 February 2007)
Mrs. M. Baxter*	
Mrs. A. Collyer-Bristow	
Mr. M. Gunn	
Mr. M. Hall*	
Mrs. M.A. Reynolds*	
Mr. J.S. Richardson	
Mr. J.L. Falkenburg*	(Appointed 10 September 2005)
Mrs. L.M. Rose^	(Appointed 17 June 2006)
	(Retired 3 February 2007)
Dr. T.D. Rees*^	(Chairman from 3 February 2007)
	(Appointed 17 June 2006)
Mr. D.J. Trubody	(Retired 3 December 2005)
Mrs. J.M. Barry^	(Retired 7 July 2006)

\*Member of the Finance and General Purposes (F&GP) Committee

^Parent Governor

### **Key Executives**

Headmaster:	Mr. P.R. Cawley-Wakefield
Bursar:	Mr. D.S. King
Company Secretary:	Mrs. M.A. Reynolds

### **Professional Advisors**

Bankers:	Lloyds TSB plc Corporate, Ley Court, Barnett Way, Gloucester. GL4 3RT
Solicitors:	Veale Wasbrough, Orchard Court, Orchard Lane, Bristol. BS1 5WS
Auditors:	Burton Sweet, Prospect House, 5 May Lane, Dursley, Glos. GL11 4JH

# **ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE**

## **REPORT OF THE GOVERNORS** *(continued)*

**YEAR ENDED 31 AUGUST 2006**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing Document**

The Company is limited by guarantee and is registered as a charity. The affairs of the Company are governed by its Memorandum and Articles of Association dated 27 July 1967. The liability of the members in the event of the Company being wound up is limited to a sum not exceeding £1 each.

#### **Governing Body**

The new Governors are elected by the existing Governing Body, and serve for a period of 3 years; they may be re-elected for further periods. Up to two Parent Governors (parents of existing pupils) are elected, following an application and interview process, for a period of 3 years and may not be re-elected as Parent Governors. The Company Secretary is a permanent member and is therefore not required to retire by rotation.

#### **Governor Training**

The new Governors induction process incorporates a review of Board policies and procedures and the workings of the School, and will vary according to the skills and previous experience of the individuals concerned. From time to time, Governors attend specialist seminars organised by AGBIS, ISC or IAPS, to keep up to date with current developments.

#### **Organisational Management**

The Governors meet as a Board at least three times a year (once a term) to determine the general policy of the Charity, and review its overall management and control, for which they are legally responsible.

The implementation of the Board's policies is overseen by the Finance & General Purposes (F&GP) Committee under specific Terms of Reference. It normally meets twice a term to review financial management and other key areas.

The day-to-day running of the School is delegated to the Head and the Bursar, supported by other members of the Senior Management Team.

#### **Organisational Structure & Relationships**

The Headmaster of Rose Hill School is an active member of the Independent Association of Preparatory Schools, an organisation which exists for the promotion and maintenance of preparatory school standards generally. The Headmaster and senior teachers take part in peer group meetings as part of personal development and training, and to keep abreast of the latest developments in independent primary education.

The Bursar, on behalf of the School, is an active member of the Independent Schools Bursars' Association (ISBA). The ISBA provides advice and guidance on all aspects of running independent schools; the Bursar takes part in regular peer group meetings.

Rose Hill School also benefits from the volunteer support of the thriving Parents and Friends Association, and from the existence of the Old Rosehillians Association.

# **ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE**

## **REPORT OF THE GOVERNORS *(continued)***

**YEAR ENDED 31 AUGUST 2006**

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### **Risk Management**

The Board continues to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time, as well as the systems and procedures to manage them. The Governors have identified the major strategic, business and operational risks that might affect the School. Each of the identified risks has been reviewed during the year to ensure that appropriate policies and procedures are in place to reduce these to an acceptable level, and to minimise any potential impact on the School.

### **OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES**

The object of the Charity, in accordance with its Memorandum of Association, is the education of children.

#### **Strategic Aim & Intended Effect**

The School's strategic aim is to provide education to the highest academic standards while allowing pupils to benefit from a wide range of extra-curricular activities. This is intended to draw out in every pupil their ability and academic potential, awaken and develop wider interests in life, and motivate them for a successful graduation to their chosen senior school.

#### **Key Objectives for the Year**

The School's main objective continues to be to educate all the School's pupils to a high standard, by maintaining small class sizes and meeting the pupils' individual needs.

The Governors' subsidiary objective was to minimise the trading deficit during the year whilst continuing adequately to resource the School.

#### **Principal Activity**

Rose Hill School's principal activity continues to be the provision of education for 3 to 13 year old boys and girls. There is capacity to take 225 pupils from Reception Class to Year 8 and the School operates its own nursery, with a capacity to take 24 children.

#### **Bursaries & Scholarships**

A proportion of fee income is set aside each year for bursaries and other awards. For 2005-06 the F&GP Committee authorised bursary/discount funding of 5.7% of gross fee income.

Bursaries were given on a means-tested basis to enable less well-off families to educate their children at Rose Hill, as part of our programme to provide educational services and support to the community.

#### **Volunteers - Parents & Friends Association**

The Rose Hill School Parents & Friends Association (P&FA) is a separate registered charity that conducts a range of fundraising and social activities for the benefit of the School. The P&FA has continued this year to organise events and activities enabling parents and friends to provide significant financial benefits to the School, and help raise its profile in the local community. The School remains enormously grateful for the continuing support from the P&FA and for gifts totalling in excess of £10,000 in this year.

# **ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE**

## **REPORT OF THE GOVERNORS** *(continued)*

**YEAR ENDED 31 AUGUST 2006**

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### **REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**

#### **Academic Performance**

Academic achievement was impressive with 9 of the 24 Year 8 pupils winning Awards and Scholarships to their senior schools. All Common Entrance candidates were accepted to their schools of first choice.

#### **Operational Performance**

A number of changes have been made in the operation of the School during the year. The most significant of these were:

1. Stopping Saturday morning school in response to parental request;
2. Closure of the boarding department for financial reasons, as a result of the significant reduction in future demand;
3. Reducing staff numbers significantly, by natural wastage and redundancy.

All these have assisted in controlling overall deficits. Although the decisions were hard and unpopular at the time, they have resulted in a beneficial effect on the atmosphere in the School.

#### **Pupil Numbers**

The School started the year with 166 pupils and this grew to 177 by the end of the academic year. A large number of leavers at Year 8, the closure of boarding and slow recruitment following the difficulties of previous years, meant that there were only 126 pupils in the School at September 2006. However, numbers have increased since September.

#### **Trading Performance**

A substantial deficit for the year was budgeted and the actual result was close to budget.

# **ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE**

## **REPORT OF THE GOVERNORS *(continued)***

**YEAR ENDED 31 AUGUST 2006**

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### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The financial results for the year, and the Charity's financial position at the end of the year, are shown in the attached financial statements.

The deficit of £289,725 for the year was in line with expectations and was offset by a revaluation adjustment of £210,020, leaving a net deficit for the year of £79,705.

The School property was re-valued by Aitchison Rafferty on 4th January 2006 and the revised value of £2.25 million has been used in the accounts. This exercise was undertaken for the School's bankers as part of the renegotiation of borrowing to ensure that resources available to the School were adequate.

However, the School's programme of investment in its resources has continued with in excess of £60,000 having been spent on new computer equipment and £50,000 on other equipment. The result is a well resourced school giving teachers the best resources possible to carry out the School's main aim of providing an excellent education to the highest academic standards.

#### **Reserves Policy**

Note 25 of the financial statements shows the assets and liabilities attributed to each fund, and note 24 shows the movement of the restricted funds.

The majority of the assets of the School are invested in fixed assets that total £2,375,263 at 31 August 2006 (2005 - £2,165,875). As a result, the School has no free reserves at the year-end date.

The Governors' policy was to continue an adequate programme of investment to maintain a high standard of resources; at the same time, to operate to a deficit in 2005/06 that would not raise total borrowings past an agreed level. This has all been achieved. The Governors continue to monitor the School's working capital requirements and to ensure that any overdraft facility is adequate to cover any short-term financial arrangements.



# ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE

## REPORT OF THE GOVERNORS *(continued)*

YEAR ENDED 31 AUGUST 2006

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### FUTURE PLANS

#### Pupil Numbers

The School's immediate aim remains to regain its first class reputation and improve its market share by increasing pupil numbers in all year groups. There is evidence that this is beginning to happen, with recruitment since the year end reaching the high levels anticipated and the School's reputation in the area is increasing noticeably, as is parental confidence.

#### Financial Objectives

The Governors have produced a ten year financial development plan showing continuing deficits for three years, followed by a return to operating surpluses. Behind the plan is extensive market research undertaken for the Governors by specialists in the field. The School's bank has agreed to support this plan, giving the School a level of financial security not experienced for some time. It is against this background that there is optimism that the required recruitment targets will be met.

#### Educational Objectives


In 2006/07 the School is continuing to place great emphasis on academic standards, but still emphasising the needs of the whole child. This is achieved by offering wide access to music, art and drama, more sports coaching and greater team participation. All this happens in an atmosphere of sound discipline and good pastoral care.

### AUDITOR

In accordance with section 385 of the Companies Act 1985 a resolution proposing that Burton Sweet be re-appointed Auditors of the Company will be put to the Annual General Meeting.

Registered office:  
Rose Hill School  
Alderley  
Wotton-under-Edge  
Gloucestershire  
GL12 7QT

Signed on behalf of the board



MRS. M.A. REYNOLDS  
Company Secretary

17 March 2007

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF RESPONSIBILITIES OF THE GOVERNORS**

**YEAR ENDED 31 AUGUST 2006**

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The Governors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Law applicable to charities in England and Wales requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity 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 School will continue its activities.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993. The Governors are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Governors are aware:

- there is no relevant audit information of which the School'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.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF ROSE  
HILL SCHOOL (ALDERLEY) LIMITED**

**YEAR ENDED 31 AUGUST 2006**

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We have audited the financial statements of Rose Hill School (Alderley) Limited for the year ended 31 August 2006 on pages 11 to 28 which have been prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and the accounting policies set out on pages 15 to 18.

This report is made solely to the company's 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 company's governors those matters we are required to state to them in an auditor's 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 company's governors as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE GOVERNORS AND AUDITORS**

The responsibilities of the Governors (who also act as directors of Rose Hill School (Alderley) Limited for the purposes of company law) for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Governors on page 8.

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, and whether the information given in the Report of the Governors is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 remuneration of the Governors and other transactions is not disclosed.

We read the Report of the Governors and consider the implications for our report if we become aware of any apparent misstatements within it.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF ROSE  
HILL SCHOOL (ALDERLEY) LIMITED *(continued)***

**YEAR ENDED 31 AUGUST 2006**

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**BASIS OF AUDIT OPINION**

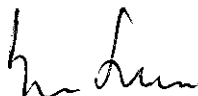
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Governors is consistent with the financial statements.



.....  
BURTON SWEET  
Chartered Accountants  
& Registered Auditors

Prospect House  
5 May Lane  
Dursley  
Gloucestershire  
GL11 4JH

2 April 2007

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE  
INCOME AND EXPENDITURE ACCOUNT)**

**YEAR ENDED 31 AUGUST 2006**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
<b>INCOMING RESOURCES</b>					
Incoming resources from charitable activities:					
Fees and charges	2	1,504,268	—	1,504,268	1,599,706
Incoming resources from generating funds:					
Activities for generating funds	3	46,069	—	46,069	46,657
Investment income	4	540	2	542	2,255
Voluntary income	5	3,385	13,257	16,642	28,202
<b>TOTAL INCOMING RESOURCES</b>		<u>1,554,262</u>	<u>13,259</u>	<u>1,567,521</u>	<u>1,676,820</u>
<b>RESOURCES EXPENDED</b>					
Charitable activities	7/8	(1,589,164)	(19,740)	(1,608,904)	(1,552,931)
Governance costs	9	(226,086)	—	(226,086)	(218,078)
Costs of generating funds:					
Fundraising	10	(22,256)	—	(22,256)	(20,024)
<b>TOTAL RESOURCES EXPENDED</b>		<u>(1,837,506)</u>	<u>(19,740)</u>	<u>(1,857,246)</u>	<u>(1,791,033)</u>
<b>NET OUTGOING RESOURCES BEFORE TRANSFERS</b>					
	11	(283,244)	(6,481)	(289,725)	(114,213)
Transfer between funds	12	1,342	(1,342)	—	—
<b>NET OUTGOING RESOURCES FOR THE YEAR</b>		<u>(281,902)</u>	<u>(7,823)</u>	<u>(289,725)</u>	<u>(114,213)</u>
Revaluation of freehold property		210,020	—	210,020	—
<b>NET MOVEMENT IN FUNDS/NET EXPENDITURE FOR THE YEAR</b>		<u>(71,882)</u>	<u>(7,823)</u>	<u>(79,705)</u>	<u>(114,213)</u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>1,327,143</u>	<u>46,450</u>	<u>1,373,593</u>	<u>1,487,805</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,255,261</u>	<u>38,627</u>	<u>1,293,888</u>	<u>1,373,592</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

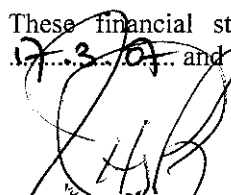
**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET**

**31 AUGUST 2006**

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	16	2,375,263	2,165,875
<b>CURRENT ASSETS</b>			
Stocks	17	5,614	5,616
Debtors	18	375,430	449,170
Cash at bank and in hand		150	1,455
		<u>381,194</u>	<u>456,241</u>
<b>CREDITORS: Amounts falling due within one year</b>	19	<u>(645,483)</u>	<u>(902,347)</u>
<b>NET CURRENT LIABILITIES</b>		(264,289)	(446,106)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,110,974</u>	<u>1,719,769</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	20	<u>(817,086)</u>	<u>(346,177)</u>
<b>NET ASSETS</b>		<u>1,293,888</u>	<u>1,373,592</u>
<b>FUNDS</b>			
Restricted funds	24	38,627	46,450
Unrestricted funds	25	1,255,261	1,327,142
<b>TOTAL FUNDS</b>		<u>1,293,888</u>	<u>1,373,592</u>

These financial statements were approved by the members of the governing body on the 17.3.07 and are signed on their behalf by:

  
DR. T.D. REES  
Chairman of the Governors

The notes on pages 15 to 28 form part of these financial statements.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**CASH FLOW STATEMENT**

**YEAR ENDED 31 AUGUST 2006**

	2006	2005
	£	£
<b>RECONCILIATION OF NET OUTGOING RESOURCES BEFORE TRANSFERS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		
Net outgoing resources before transfers	(289,725)	(114,213)
Interest payable	42,598	28,750
Interest receivable	(542)	(2,255)
Amounts written off investments	—	962
Depreciation	112,092	79,465
Decrease/(Increase) in stocks	2	(1,476)
Decrease in debtors	73,740	69,909
Decrease in creditors	(156,755)	(11,901)
Net cash (outflow)/inflow from operating activities	(218,590)	49,241
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	542	2,255
Interest paid	(38,524)	(25,657)
Interest element of finance lease rental payments	(3,951)	(3,008)
Net cash outflow from returns on investments and servicing of finance	(41,933)	(26,410)
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire tangible fixed assets	(112,959)	(162,049)
Receipts from sale of fixed assets	1,500	25,923
Net cash outflow from capital expenditure	(111,459)	(136,126)
Cash outflow before financing	(371,982)	(113,295)
<b>FINANCING</b>		
Net inflow from bank loans	437,269	137,300
Net inflow/(outflow) in respect of finance leases	25,244	(10,023)
Net outflow from other long-term creditors	(12,449)	(34,456)
Net cash inflow from financing	450,064	92,821
<b>INCREASE/(DECREASE) IN CASH</b>	<u>78,082</u>	<u>(20,474)</u>

The notes on pages 15 to 28 form part of these financial statements.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**CASH FLOW STATEMENT** *(continued)*

**YEAR ENDED 31 AUGUST 2006**

	2006	2005
	£	£
<b>RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT</b>		
	2006	2005
	£	£
Increase/(Decrease) in cash in the period	288,102	(20,474)
Cash inflow from bank loans	(437,269)	(137,300)
Net inflow/outflow in respect of finance leases	(25,244)	10,023
Net outflow from other long-term creditors	12,449	34,456
Change in net debt	(161,962)	(113,295)
Net debt at 1 September 2005	(581,630)	(467,373)
Net debt at 31 August 2006	(953,612)	(581,630)

**ANALYSIS OF CHANGES IN NET DEBT**

	1 Sep 05	Cash flows	31 Aug 06
	£	£	£
Cash in hand and at bank	1,455	(1,305)	150
Overdrafts	(182,124)	79,387	(102,737)
	(180,669)	78,082	(102,587)
Debt due within 1 year	(51,600)	33,100	(18,500)
Debt due after 1 year	(342,349)	(457,920)	(800,269)
Hire purchase agreements	(7,012)	(25,244)	(32,256)
	(400,961)	(450,064)	(851,025)
	(581,630)	(371,982)	(953,612)

The notes on pages 15 to 28 form part of these financial statements.



# ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2006

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 1985.

#### Fixed assets

Freehold land and buildings are included in the accounts at their open market valuation, in accordance with the professional valuation carried out in January 2006.

Subsequent additions to freehold land and buildings, and other fixed assets, are stated at cost.

Assets costing £2,000 or more are capitalised.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	- 2% and 10% per annum of cost or valuation on a straight line basis
Furniture and equipment	- 20% per annum of cost and 33% per annum of net book value on a straight line basis
Computer and copying equipment	- 25% and 33% per annum of cost on a straight line basis
Motor vehicles	- 20% per annum of cost and 33% per annum of net book value on a straight line basis

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Finance leases and hire purchase agreements

Assets held under finance leases and hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities at a constant rate of charge on the balance of capital repayments outstanding.

# ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2006

---

### 1. ACCOUNTING POLICIES *(continued)*

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Pension costs**

Teaching staff employed by the school are eligible for membership of the teachers pension scheme, which is a national, statutory contributory, unfunded defined benefit scheme administered by the teachers pension agency, an executive agency of the department for education and employment.

Pension costs are assessed in accordance with the advice of the government actuary. The school contributes 13.5% of the relevant employee's salary.

The school has arranged a defined contribution pension scheme for those members of staff who are not eligible to join the teachers pension scheme. The assets of this scheme are held separately from those of the school, being invested with insurance companies. Pension costs charged in the statement of financial activities represent the contributions payable by the school for the year. The school contributes up to 5% of the relevant employee's salary.

#### **Fees and similar income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds, but include contributions received for Scholarships, Bursaries and other grants.

The School offers parents the opportunity to pay tuition fees in advance in accordance with a written contract. The fees for each term are charged against the remaining balances and taken to income.

Deferred income represents fees in advance of the next academic year.

#### **Donations and fund accounting**

Donations received for the general purposes of the school are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to 'restricted funds' where these wishes are legally binding on the governors.

The nature and purpose of each fund is explained in the notes to the financial statements.

Transfers are made between funds when the trustees consider it appropriate to reclassify the status of funds.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

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**1. ACCOUNTING POLICIES** *(continued)*

**Rental income**

Rental income is included in the statement of financial activities in the year in which it is receivable.

**Investment income**

Investment income is included in the year in which it is receivable.

**Resources expended**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure.

**Taxation**

As a registered charity, the school benefits from rates relief and is generally exempt from income tax and capital gains tax, but not from VAT. Irrecoverable VAT is included in the cost of those items to which it relates.

**Statement of financial activities**

In preparing the Statement of Financial Activities, the Governors have attributed, where readily determinable, the costs between costs of generating funds, charitable activities and other resources expended.

The other costs have been apportioned 90:10 between charitable activities and governance costs. This is considered to be the most meaningful way of allocating such costs.

**Costs of generating funds**

These are costs which are associated with generating incoming resources from all sources other than from undertaking charitable activities.

**Charitable activities**

Resources expended on charitable activities comprise of all resources applied by the charity in undertaking its work to meet its charitable objectives.

**Support costs**

Support costs are those costs that are incurred to facilitate the activities directly undertaken in accordance with the objectives of the school.

**Governance costs**

Governance costs include the costs relating to the governance infrastructure which allows the school to create and to generate the information required for public accountability.

# ROSE HILL SCHOOL (ALDERLEY) LIMITED COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2006

### 1. ACCOUNTING POLICIES *(continued)*

#### Going concern

The trustees consider it appropriate for the financial statements to be prepared on the going concern basis because they believe that the charity will receive the required financial support in the foreseeable future.

The bank has given its support to the School's 10-Year Business Plan, which sets targets to be achieved for pupil numbers.

### 2. FEES AND CHARGES

	Unrestricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Fees and charges	1,847,414	1,847,414	2,078,111
Less deferred	(344,794)	(344,794)	(479,390)
Retained pupil deposits	1,648	1,648	695
Parents' late payment interest	—	—	290
	<u>1,504,268</u>	<u>1,504,268</u>	<u>1,599,706</u>

### 3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Rental and letting of premises	<u>46,069</u>	<u>46,069</u>	<u>46,657</u>

### 4. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Bank interest receivable	<u>540</u>	<u>2</u>	<u>542</u>	<u>2,255</u>

### 5. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
General donations	3,385	13,257	16,642	28,054
Appeal fund donations	—	—	—	148
	<u>3,385</u>	<u>13,257</u>	<u>16,642</u>	<u>28,202</u>

### 6. INDEMNITY INSURANCE

The School paid an insurance premium of £336 to indemnify Governors' and school staff against claims arising from any negligent act, error or omission in good faith.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**7. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Education and teaching	885,191	7,582	892,773	864,377
Household and welfare	160,576	11,400	171,976	167,821
Catering	170,328	—	170,328	182,073
Motor and travel	20,881	—	20,881	18,741
Support costs	352,188	758	352,946	319,919
	<u>1,589,164</u>	<u>19,740</u>	<u>1,608,904</u>	<u>1,552,931</u>

**8. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE**

	Education and teaching £	Support costs £	Total Funds 2006 £	Total Funds 2005 £
Education and teaching	892,773	50,309	943,082	909,386
Household and welfare	171,976	—	171,976	167,821
Catering	170,328	3,155	173,483	185,655
Advertising and marketing	—	33,537	33,537	39,573
Motor and travel	20,881	—	20,881	18,741
Premises	—	265,945	265,945	231,755
	<u>1,255,958</u>	<u>352,946</u>	<u>1,608,904</u>	<u>1,552,931</u>

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**9. GOVERNANCE COSTS**

	Unrestricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Salaries and wages	114,784	114,784	115,182
Employer's NIC	10,695	10,695	9,012
Insurances	10,248	10,248	9,217
Accountancy	2,161	2,161	1,251
Audit fees	10,363	10,363	8,931
Motor and travel	1,203	1,203	1,220
Legal and professional fees	5,819	5,819	22,427
Headmaster's fund	3,093	3,093	2,572
Bank interest and other similar charges	42,598	42,598	28,750
Bank charges	6,598	6,598	4,054
Loss on disposal of fixed assets	—	—	962
Other pension costs	4,427	4,427	5,377
Stationery, printing and photocopier	1,529	1,529	1,252
Telephone	1,028	1,028	815
Computer costs	5,668	5,668	4,927
Staff recruitment and training	5,872	5,872	2,129
	<u>226,086</u>	<u>226,086</u>	<u>218,078</u>

**10. FUNDRAISING**

	Unrestricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Rental and letting of school	<u>22,256</u>	<u>22,256</u>	<u>20,024</u>

**11. NET OUTGOING RESOURCES FOR THE YEAR**

This is stated after charging:

	2006 £	2005 £
Staff pension contributions	77,857	81,727
Depreciation	112,092	79,465
Auditors' fees		
- audit of the financial statements	<u>10,363</u>	<u>8,931</u>

**12. FUND TRANSFERS**

During the year, the Trustees decided to transfer the surplus balance remaining on the Appeal Fund bank account to general funds. This represented the balance of funds after incurring expenditure for the purposes of the Appeal.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

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**13. PENSION COSTS**

The Charity makes contributions to pension schemes, including the Teachers' Pension Scheme, which are treated by the Charity as defined contribution schemes. The assets of the schemes are held separately from those of the School in independently administered funds. The pension cost charge represents contributions payable by the School to pension funds and amounted to £77,858 (2005: £81,727).

**Teachers pension scheme (TPS)**

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 FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The School contributes 13.5% of the relevant employees' salary.

**14. STAFF COSTS AND EMOLUMENTS**

**Total staff costs were as follows:**

	2006	2005
	£	£
Wages and salaries	986,617	1,005,307
Social security costs	76,595	72,089
Other pension costs	77,857	81,727
	<u>1,141,069</u>	<u>1,159,123</u>

The Governors received no remuneration or travelling expenses during the year.

**Particulars of employees:**

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2006	2005
	No	No
Number of teaching and pastoral staff	32	36
Number of administrative staff	17	20
	<u>49</u>	<u>56</u>

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

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**14. STAFF COSTS AND EMOLUMENTS** *(continued)*

The charity contributed to pension schemes for the benefit of the following number of employees:

	2006 No.	2005 No.
Defined benefit scheme	19	20
Defined contribution scheme	5	5
	<u>24</u>	<u>25</u>
	==	==

No employee received emoluments of more than £60,000 during the year (2005 - Nil).

**15. HISTORICAL COST DEFICIT**

	2006 £	2005 £
Net outgoing resources for the year	(289,725)	(114,213)
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	39,563	30,214
	<u>          </u>	<u>          </u>
Historical cost deficit for the year	<u>(250,162)</u>	<u>(83,999)</u>
	=====	=====



**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**16. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Furniture and equipment £	Computer and copying equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 September 2005	2,143,633	362,847	40,657	45,479	2,592,616
Additions	1,344	33,106	60,617	17,892	112,959
Disposals	—	—	—	(22,392)	(22,392)
Revaluation	105,023	—	—	—	105,023
<b>At 31 August 2006</b>	<b>2,250,000</b>	<b>395,953</b>	<b>101,274</b>	<b>40,979</b>	<b>2,788,206</b>
<b>DEPRECIATION</b>					
At 1 September 2005	91,559	263,336	31,520	40,326	426,741
Charge for the year	39,590	49,328	16,875	6,299	112,092
On disposals	—	—	—	(20,892)	(20,892)
Revaluation adjustment	(104,998)	—	—	—	(104,998)
<b>At 31 August 2006</b>	<b>26,151</b>	<b>312,664</b>	<b>48,395</b>	<b>25,733</b>	<b>412,943</b>
<b>NET BOOK VALUE</b>					
<b>At 31 August 2006</b>	<b>2,223,849</b>	<b>83,289</b>	<b>52,879</b>	<b>15,246</b>	<b>2,375,263</b>
At 31 August 2005	2,052,074	99,511	9,137	5,153	2,165,875

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**16. TANGIBLE FIXED ASSETS** *(continued)*

In respect of assets stated at valuation, the comparable historical cost and depreciation values are as follows:

	2006 £	2005 £
<b>Historical cost:</b>		
At 1 September 2005	1,043,558	911,307
Additions	1,344	154,274
Disposals	—	(22,023)
At 31 August 2006	<u>1,044,902</u>	<u>1,043,558</u>
<b>Depreciation:</b>		
At 1 September 2005	26,468	26,468
Charge for year	27	—
At 31 August 2006	<u>26,495</u>	<u>26,468</u>
<b>Net historical cost value:</b>		
At 31 August 2006	<u>1,018,407</u>	1,017,090
At 1 September 2005	<u>1,017,090</u>	<u>884,839</u>

Fixed assets are held for the Charity's use.

No depreciation would be charged if the land and buildings were shown at historical cost because this is below the Governors' estimate of the property's residual value.

The freehold land and buildings were professionally valued by Aitchison Raffety, property consultants, on 4 January 2006 on an open market vacant possession basis at £2,250,000. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards Manual. The book value of the property at 31 August 2006 is based upon the open market valuation on 4 January 2006 plus additions/improvements since.

**Hire purchase agreements**

Included within the net book value of £2,375,263 is £36,902 (2005 - £9,326) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £11,154 (2005 - £2,870).

**Capital commitments**

	2006 £	2005 £
Contracted but not provided for in the financial statements	—	<u>5,816</u>

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**17. STOCKS**

	2006	2005
	£	£
Stock	<u>5,614</u>	<u>5,616</u>

**18. DEBTORS**

	2006	2005
	£	£
Trade debtors	346,998	407,303
Other debtors	16,209	14,170
Prepayments	<u>12,223</u>	<u>27,697</u>
	<u>375,430</u>	<u>449,170</u>

**19. CREDITORS: Amounts falling due within one year**

	2006	2005
	£	£
Bank loans and overdrafts	121,237	233,724
Trade creditors	72,375	71,359
Taxation and social security	31,040	28,913
Hire purchase agreements	15,439	3,184
Fees in advance	344,794	479,390
Other creditors	38,977	71,330
Accruals	<u>21,621</u>	<u>14,447</u>
	<u>645,483</u>	<u>902,347</u>

The following liabilities disclosed under creditors falling due within one year are secured by the School:

	2006	2005
	£	£
Bank loans and overdrafts	<u>121,237</u>	<u>233,724</u>

**20. CREDITORS: Amounts falling due after more than one year**

	2006	2005
	£	£
Bank loans and overdrafts	800,269	329,900
Hire purchase agreements	16,817	3,828
Other creditors	<u>—</u>	<u>12,449</u>
	<u>817,086</u>	<u>346,177</u>

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**20. CREDITORS: Amounts falling due after more than one year (continued)**

The following liabilities disclosed under creditors falling due after more than one year are secured by the School:

	2006 £	2005 £
Bank loans and overdrafts	<u>800,269</u>	<u>329,900</u>

The bank loans and overdraft are secured by a first charge over the School's freehold land and buildings.

The bank loans and overdraft amount to 41.44% (2005 - 27.47%) of the value of the School's freehold land and buildings.

**21. MATURITY OF BANK LOANS**

Creditors include finance capital which is due for repayment as follows:

	2006 £	2005 £
Amounts repayable:		
In one year or less or on demand	18,500	51,600
In more than one year but not more than two years	20,000	51,600
In more than two years but not more than five years	68,000	154,800
In more than five years	<u>712,269</u>	<u>123,500</u>
	<u>818,769</u>	<u>381,500</u>

The above liabilities comprise bank loans.

During the year, the School consolidated its loans. Capital and interest is repayable monthly over a period of 240 months. Interest is charged at 2% above the Base Rate.

**22. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	2006 £	2005 £
Amounts payable within 1 year	15,439	3,184
Amounts payable between 2 to 5 years	<u>16,817</u>	<u>3,828</u>
	<u>32,256</u>	<u>7,012</u>

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

**23. COMMITMENTS UNDER OPERATING LEASES**

At 31 August 2006 the School had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets other than land and buildings</b>	
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Operating leases which expire:</b>		
Within 1 year	1,469	-
Within 2 to 5 years	3,087	959
	<u>4,556</u>	<u>959</u>

**24. RESTRICTED FUNDS**

	<b>Balance at Incoming 1 Sep 2005 resources</b>		<b>Outgoing resources</b>	<b>Transfers</b>	<b>Balance at 31 Aug 2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Appeal fund	8,201	2	(1,186)	(1,342)	5,675
Parents and Friends Association Fund	6,559	10,164	(10,583)	-	6,140
Musical instrument asset fund	1,217	-	(609)	-	608
Fixed asset fund	965	-	(483)	-	482
Library appeal fund	7,029	-	(150)	-	6,879
Sports hall lighting fund	887	-	(444)	-	443
Sports hall heating fund	2,457	-	(1,228)	-	1,229
Boiler fund	-	3,000	(600)	-	2,400
Prize fund	-	12	(12)	-	-
Library books	-	50	(50)	-	-
3 Charities appeal	438	-	(438)	-	-
Honours board fund	43	-	(22)	-	21
Catering project fund	12,114	-	(3,727)	-	8,387
Sports project appeal fund	5,915	31	-	-	5,946
Bursary computer fund	625	-	(208)	-	417
	<u>46,450</u>	<u>13,259</u>	<u>(19,740)</u>	<u>(1,342)</u>	<u>38,627</u>

The Governors consider that the balance on each fund is sufficient to satisfy the restrictions imposed by the donor.

The balances represent unspent donations and/or the net book value of assets purchased.

**ROSE HILL SCHOOL (ALDERLEY) LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2006**

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**25. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Tangible fixed assets £</b>	<b>Net current assets/ (liabilities) £</b>	<b>Total £</b>
<b>Restricted Funds:</b>			
As shown under note 24	32,065	6,562	38,627
<b>Unrestricted Funds</b>	<b>2,343,198</b>	<b>(1,087,937)</b>	<b>1,255,261</b>
<b>Total Funds</b>	<b><u>2,375,263</u></b>	<b><u>(1,081,375)</u></b>	<b><u>1,293,888</u></b>

**26. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year.

**27. COMPANY LIMITED BY GUARANTEE**

The company is limited by guarantee. Every member of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one pound.