

**ST HUGH'S SCHOOL (CARSWELL)
TRUST LIMITED**
(A company limited by guarantee)

**Reports and Financial Statements
for the year ended 31 August 2010**

**Registered in England and Wales
No. 913833**

**Registered Charity
No 309640**

THURSDAY



A58 16/12/2010 351
COMPANIES HOUSE

**Mazars LLP
Chartered Accountants
160 Midsummer Boulevard
Milton Keynes
MK9 1FF**

ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED

Registered in England and Wales - No 913833
Registered Charity - No. 309640

PRINCIPAL AND REGISTERED OFFICE

Carswell Manor
Carswell
Faringdon
Oxfordshire
SN7 8PT

GOVERNORS

Mr J M Guillum Scott – Chairman
Mrs J R Allan
Mr R W F Barnes
Mr P F Boggis
Mr P Chambers
Mr J Champion
Mr A Clark
Mr P Daffern
Mrs J Forrest
Mrs S Jackson
Mr E P L Sandbach
Mr A Trotman

HEADMASTER

Mr A J P Nott

BURSAR & COMPANY SECRETARY

Mr C P Bouwens (retired 31st August 2010)
Mr A Robinson (appointed 1st September 2010)

BANKERS

Lloyds TSB Bank Plc, Black Horse House
Wallbrook Court, Oxford, OX2 0QS

AUDITORS

Mazars LLP, The Pinnacle,
160 Midsummer Boulevard
Milton Keynes, MK9 1FF

SOLICITORS

Rickerby's, Ellenborough House,
Wellington Street, Cheltenham, GL50 1YD

ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED

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ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED
(Registered Company 913833. Registered Charity 309640)

REPORT OF THE BOARD OF GOVERNORS

For the year ended 31 August 2010

The Directors of St Hugh's School (Carswell) Trust Ltd present their annual report for the year ended 31 August 2010 under the Companies Act 2006 and the Charities Act 1993, together with the audited financial statements for the year and confirm that the latter comply with the requirements of the Companies Act 2006, the Company's Memorandum & Articles of Association and the Charities Statement of Recommended Practice - "Accounting and Reporting by Charities (revised 2005)"

REFERENCE & ADMINISTRATIVE INFORMATION

St Hugh's School (Carswell) Trust Limited ("St Hugh's") is a charitable company founded in 1967, charity registration number 309640, company registration number 913833, with the liability of its members limited to £10 each by guarantee. The Registered Office and principal address of the Company is Carswell Manor, Carswell, Faringdon, Oxfordshire SN7 8PT

Directors

The School continues to be organised and administered by a Board of Governors (who legally act as the Board of Directors of the Company and as Trustees of the Charity). The Directors of the Company who served during the year are -

Mr J M Guillum Scott ⁴	Chairman
Mrs J R Allan ¹	
Mr R W F Barnes ^{2,3}	
Mr P F Boggis ^{1,2}	Chairman Buildings and Estates Committee (to June 2010) (appointed September 2009)
Mr P Chambers ^{1,2}	Chairman Buildings and Estates Committee (from June 2010) (appointed October 2009)
Mr A Clark	
Mr J Champion ¹	
Mr P Daffern ¹	Chairman of Finance and General Purposes Committee
Mrs J Forrest ²	
Mrs S Jackson ^{1,3,4}	Chairman of the Compliance Review Committee
Mr E P L Sandbach ²	
Mr A Trotman ³	(appointed October 2009)

¹ Member of the Finance and General Purposes Committee

² Member of the Buildings' and Estate's Committee

³ Member of the Compliance Review Committee

⁴ Nominations Committee

Key Executives

The Headmaster	Mr A J P Nott
The Bursar	Mr C P Bouwens

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles of Association dated 23 August 1967

Governing Body

The Directors are elected at a full Directors' Meeting on the basis of recommendations received from other Directors and the Headmaster. A skills audit was undertaken during the year clarifying what professional expertise is required when recruiting new members to the Board. Members of the Board serve for 3 years and may apply for re-election for 4 successive periods.

The Chairman and Vice-Chairman of the Board are elected each year at the Annual General Meeting. The constitution requires the number of members of the Board to be not less than five and not more than twenty. One third of the Board retires in rotation each year and is eligible to stand for re-election. At the date of this report, there are 12 Directors.

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REPORT OF THE BOARD OF GOVERNORS

For the year ended 31 August 2010

Training

New Directors are inducted into the workings of the School, and of the Company as a registered charity, including Board policy and procedures, at an induction workshop specially organised for them by the Headmaster and Bursar, who also organise periodic strategic planning and trustee-training workshops for all Directors

Organisational Management

The Directors meet as a Board at least three times a year to determine the general policy of the Company and review its overall management and control, for which they are legally responsible. In 2009 a further committee, the Compliance Review Committee, was formed to review policies and procedures and provide guidance to the Senior Management Team to assist them in achieving compliance with statutory and legislative obligations, and report its findings to the Board. It complements and enhances the work of the Finance and General Purposes Committee and the Buildings' and Estate's Committee, both of which meet three times a year. The Finance and General Purposes Committee, chaired by Mr P Daffern, reviews the financial impact of strategic, educational and property decisions and makes recommendations to the Board. The day-to-day running of the School is delegated to the Headmaster and the Bursar who are supported by other members of the Senior Management Team.

Group structure and relationships

St Hugh's is an active member of the Independent Association of Preparatory Schools (IAPS) for the promotion and maintenance of preparatory school standards generally and also takes part in peer group studies for the evaluation of quality and performance improvement methods. The School is also a member of Independent Schools' Bursars Association (ISBA) for the promotion of efficient and effective administration and ancillary services at independent schools. The Headmaster is a member of the governing body of the IAPS, the IAPS Council, and also a member of its Strategy Committee.

We co-operate with as many charities as we are able, despite the School's isolated situation, in our ongoing endeavours to widen access to the schooling we provide, to optimise the educational use of our cultural and sporting facilities and to awaken in our pupils an awareness of the wider social context of the education they receive at the School.

St Hugh's benefits from the generosity of a thriving network of parents under the name of FOSH (Friends of St Hugh's School) whose close support we greatly appreciate and gladly acknowledge.

Throughout the year the pupils of the School have raised funds for a number of charities as a result of awareness of issues in the outside world brought to their attention through the school curriculum.

Risk Management

The Board with particular assistance from the Headmaster, Bursar and the Senior Management Team, continue 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 established to manage them. The major risks identified by this process have been mitigated to an acceptable level by internal control systems and other factors as appropriate, insurance cover is reviewed annually to ensure risks are appropriately covered. The Bursar chairs regular meetings of the Health & Safety Committee.

AIM, OBJECTIVES, PRINCIPAL ACTIVITIES AND PUBLIC BENEFIT

The Principal Objective of the Company, in accordance with its Memorandum of Association continues to be the running of an independent school in order to provide a high standard of education for children from all educational and social backgrounds. In the furtherance of this objective the Directors, as the charity trustees, have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub sector guidance concerning the operation of the Public Benefit requirement under the Act.

Strategic Aim and Intended Effect

The Board's strategic aim to reach its annual objective for the public benefit is to provide a co-educational independent preparatory school with a clear sense of purpose to operate a wide access admissions policy for assisting children from lower income and otherwise disadvantaged families in order to benefit

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For the year ended 31 August 2010

from a secure educational foundation and to gain the confidence to be adaptable and independent as they prepare for life beyond the school. We aim to give them all the opportunity and encouragement to develop their own interests and talents, while learning to work and play together and to contribute positively to their community. There is no competitive selection: we both welcome and cater for pupils of a wide range of ability. Our aim is to foster confidence and a love of learning across this range – an outstanding Scholarship and Common Entrance record and the provision of integral learning support both bear testimony to our inclusive approach.

Objectives for the Year

The Board's main objectives continue to be (i) to educate all the School's pupils to a high standard so that they will be fully able to benefit from their chosen senior school for the completion of their education in due course, (ii) to develop further our bursary and other funding sources in order to increase the number of children entering the School from lower income families and (iii) to continue to develop collaborative working with other charities and educational bodies. Our strategy for achieving this is to recruit the best teaching and teaching support staff available, to identify each individual child's needs and to tailor our teaching methods as appropriate in each case, and to build up our bursary funds as well as our referrals network of external funding sources for those in need of assistance with school fees. This is supported by a strong, effective pastoral care system. Furthermore we will continue to forge close working relationships with local maintained schools in order that we can share our educational and other facilities.

The School has an agreed, comprehensive development plan, published for parents, in which are outlined strategic objectives, which include maintaining high standards of teaching and learning, the development of boarding, staff professional development, developing our facilities (particularly the introduction of a Nursery), the improvement in ICT provision, enhancements in communication and the maintenance of a high quality, broad education.

Principal Activity

St Hugh's principal activity continues to be the provision of a co-educational boarding and day school for children aged 4 years to 13 years. In September 2010 the School opened a new nursery thereby extending the age range of children commencing to 3 years of age.

Volunteers

Funds held by Friends of St Hugh's School (FOSH) are fully incorporated into the School's accounts as a separate restricted fund. All fundraising events have been carried out within the School's accounting and risk management procedures. Funds raised by FOSH are used to help fund the special projects and developments of the school. FOSH retains the right to elect a committee which also consists of the Headmaster and the Bursar. FOSH is committed to donating funds each year to charities chosen by the management committee.

ACHIEVEMENTS AND PERFORMANCE

Operational performance of the School

The School is authorised by the Department for Schools, Children and Families (DSCF) to have an average of 296 pupils. The number of pupils attending the School remained steady throughout the year averaging 296 per term. All 31 children at age 13+ (Year 8) passed appropriate entrance examinations to the senior schools of their parents' first choice. Of that number, 13 awards and scholarships were won by these pupils. A further 5 pupils at age 11+ (Year 6) progressed to senior schools of their first choice.

During the year, means-tested bursaries have been taken up for 17 children and it is likely that further awards will be offered during the coming year thus providing an opportunity for financially disadvantaged families to benefit. Of those awards one was valued at 100% of the day fees. These bursaries are assessed on a needs basis as determined by the Governors and amount to £85,380. As a fee paying School we continue to provide benefit to the general public by reducing the burden on state maintained schools in both terms of pupil numbers and funding.

As part of our charitable objectives we provide sports' coaching each week to pupils of Buckland Primary School and during the holidays and half terms run sports courses for other local children. Furthermore a

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For the year ended 31 August 2010

member of staff organises sports events for the local church group at the School at weekends and another member of staff runs camping events for the local scouts in the School grounds

In the early part of the year the School was subjected to an Independent School's Inspection which rated the School as outstanding in 8 out of 10 categories and additionally was found to be fully compliant with appropriate regulations. The three recommendations made by the Inspectors have already been addressed

Fundraising performance

Fundraising events held during the year 2010 and donations raised £12,868 towards our restricted funds

Infrastructure

The Board has committed funds to the development of the School infrastructure in line with the strategic direction set for the School. During the summer of 2010 a cottage belonging to the School was converted into a nursery in order to provide a much needed service for existing and potential parents. Furthermore during the summer, work was completed on creating an outdoor education facility and establishing a second IT classroom for general use. The School has also provided new storage and working accommodation for the grounds and maintenance staff and has completed a programme of refurbishing the staff residential accommodation

FINANCIAL REVIEW

Unrestricted funds resulted in a surplus amounting to £169,790 and restricted funds returned a surplus of £5,170 giving a total surplus for the year of £174,959, representing 4.81% of net fees income. The School's long term plan is to increase the operating surplus to at least 10% of net fee income in order to finance the ongoing capital expenditure needed to upgrade the School's facilities and provide sufficient funds to satisfy the School's commitment to the 2006 Charities Act Public Benefit guidance

The market value of the School properties is significantly in excess of book value

Reserves Policy

The School does not hold any free reserves. All operating surpluses are invested in Fixed Assets in order to ensure the continued development and viability of the School

Long term strategic plans are carefully reviewed to ensure that they can be properly funded within the available funding and all expenditure is carefully monitored to ensure that budgets laid down by the Board are not exceeded. In the unlikely event of needing to call upon reserves the level and variety of Fixed Assets held are such that appropriate assets could be realised or used as security to raise sufficient resources to meet requirements

The Board's policy is to continue to generate surpluses in order to equip the School with up-to-date facilities needed to maintain and improve upon the high standard of educational services currently provided

FUTURE PLANS

The School Development Plan enshrines the strategic objectives of the School. This plan is dynamic and evolves from full consultation with staff, parents, pupils and governors and covers all aspects of the School's future development. It is reviewed and evaluated on a regular basis and made available to parents. The key objectives at present are to maintain pupil numbers and academic standards and to increase the operating surplus to 10% of net fee income so that the school can continue to fund bursaries and develop the infrastructure for the benefit of the pupils and staff

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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REPORT OF THE BOARD OF GOVERNORS

For the year ended 31 August 2010

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

AUDITORS

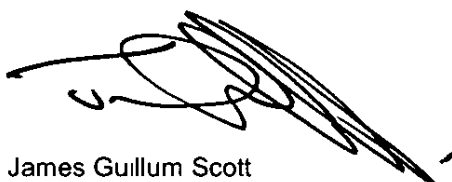
Mazars LLP has shown its willingness to be re-appointed as auditor to the Company at the next Annual General Meeting.

STATEMENT OF DISCLOSURE TO AUDITORS

- (a) as far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of s414(3) of the Companies Act 2006 relating to small companies.

Approved by the Board of Directors at its meeting on 27th November 2010 and signed on its behalf by



James Guillum Scott
Chairman

ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED
(Registered Company 913833. Registered Charity 309640)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED

We have audited the financial statements of St Hugh's School (Carswell) Trust Limited for the year ended 31 August 2010 which comprise of the Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The Directors' (who are also the Directors of the charitable company for the purposes of company law) responsibilities for preparing the Report of the Board of Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Directors' remuneration specified by law are not made.

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

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 Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2010 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 United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Annual Report is consistent with the financial statements.

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)
Stephen Brown (Senior statutory auditor)
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date *8 December 2010*

ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED
(Registered Company 913833. Registered Charity 309640)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure account)
For the year ended 31 August 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations and gifts		-	2,924	2,924	5,335
<i>Activities for generating funds</i>					
Fundraising and trading	2	17,869	9,944	27,813	56,077
<i>Investment income</i>					
Bank interest		162	-	162	4,933
Incoming resources from charitable activities					
School fee income	3	3,634,368	-	3,634,368	3,320,016
Additional activities	3	38,134	-	38,134	36,091
TOTAL INCOMING RESOURCES		3,690,533	12,868	3,703,401	3,422,452
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising and trading	4	(26,932)	(7,698)	(34,630)	(53,625)
Charitable activities					
School operating costs	4 & 5	(3,450,242)	-	(3,450,242)	(3,139,418)
Governance costs	6	(43,570)	-	(43,570)	(30,926)
TOTAL RESOURCES EXPENDED		(3,520,744)	(7,698)	(3,528,442)	(3,223,969)
NET MOVEMENT IN FUNDS		169,789	5,170	174,959	198,483
Balances brought forward at 1 September 2009		2,057,551	22,971	2,080,522	1,882,039
BALANCES CARRIED FORWARD					
AT 31 AUGUST 2010	14&15	2,227,340	28,141	2,255,481	2,080,522

The Company's incoming and outgoing resources relate to continuing activities

The Company has no recognised gains or losses other than the net movement in funds for the year

The net movement in funds has been calculated on the historical cost basis

The notes on pages 9 to 19 form part of these financial statements

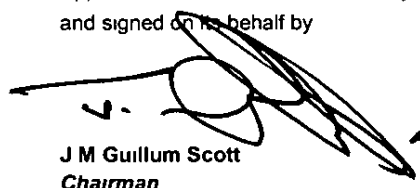
ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED
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BALANCE SHEET

As at 31 August 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
School land, buildings and equipment	8	<u>3,449,778</u>	<u>3,159,437</u>
CURRENT ASSETS			
Stock	9	1,673	1,903
Debtors	10	38,751	57,298
Cash at bank and in hand		<u>12,184</u>	<u>12,422</u>
		52,608	71,623
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
	11	<u>(986,614)</u>	<u>(848,437)</u>
NET CURRENT LIABILITIES		<u>(934,006)</u>	<u>(776,814)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,515,772	2,382,623
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
	12	<u>(260,291)</u>	<u>(302,101)</u>
NET ASSETS		<u>2,255,481</u>	<u>2,080,522</u>
FUNDS			
Unrestricted	14	2,227,340	2,057,551
Restricted	15	<u>28,141</u>	<u>22,971</u>
	16	<u>2,255,481</u>	<u>2,080,522</u>

Approved and authorised for issue by the Board
and signed on its behalf by



J M Guillum Scott
Chairman

These accounts have been prepared in accordance with the special provisions of s414(3) of the Companies Act 2006 relating to small companies

The notes on pages 9 to 19 form part of these financial statements

27 November 2010

ST HUGH'S SCHOOL (CARSWELL) TRUST LIMITED
(Registered Company 913833. Registered Charity 309640)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2010

1. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities the Charities SORP 2005 and in accordance with the following policies

(a) Basis of accounting

The financial statements of the company are prepared under the historical cost convention

(b) Income

Fee income represents fees receivable in respect of tuition and accommodation of pupils in the period. Fees received for education to be provided in the future are treated as deferred income. Donations are brought into income in the year during which they are received.

Registration fees and fees for additional activities are recognised as income in the year in which they are receivable.

(c) Expenditure on buildings

All expenditure incurred on buildings is written off in the year in which it arises except where additional teaching or accommodation space is achieved, in which case it is capitalised.

(d) Fixed Assets and Depreciation

Fixed assets are included in the financial statements at cost, less accumulated depreciation. Individual assets costing more than £3,000 are capitalised. Depreciation of tangible fixed assets is provided on a straight line basis, calculated at annual rates estimated to write off each asset over the term of its useful life. The depreciation rates applicable are included in Note 8 of the financial statements.

Depreciation is charged on specialised buildings. These buildings have an estimated useful life of 25 years. However 2 new classrooms constructed in July and August 2009 only have planning authority from the local council for 10 years and are depreciated over 10 years. No depreciation is charged on non-specialised buildings. The trustees consider that because these non-specialised buildings are maintained to a high standard they have very long useful lives and high residual value. Any depreciation charged would be immaterial both in the current year and on a cumulative basis. The trustees will undertake an impairment review of the non-specialised buildings every three years to ensure that their carrying value in the accounts is not more than their realisable value.

Assets in the Course of Construction (ACOC) are held at their current cost as at the financial year-end as fixed assets and are not depreciated until they are complete and handed to the School for use.

(e) Finance leases

Assets held under finance leases are capitalised at cost. Depreciation is calculated to write off this amount over the shorter of the lease term and the useful life of the asset. Rents payable are apportioned between the finance charge and the capital sum outstanding.

(f) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

(g) Stock

Stock is valued at the lower of cost and net realisable value.

(h) Taxation

The company is registered as a charity and is entitled for the current year to the exemptions provided by Section 505 Income and Corporation Taxes Act 1988.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2010

1 Accounting policies (continued)

(i) Value Added Tax

The company is exempt from registration for value added tax purposes. All items of expenses in the income and expenditure account therefore include, where appropriate, the related amount of value added tax.

(j) Pension costs

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the School by the Scheme Administrator. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the Charity. In accordance with FRS17 the scheme is accounted for as a defined contribution scheme and contributions are accounted for when advised as due by the Scheme Administrator.

The school also contributes to personal pension schemes for non teaching staff and these contributions are accrued in the period to which they relate.

(k) Allocation of costs to direct charitable and other expenditure

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

Expenditure is summarised under functional headings either on a direct cost basis or, for overhead costs, apportioned according to management estimates of staff time spent.

Charitable activities include costs directly related to the running of the School.

Support costs represent the staffing and associated costs of finance, personnel and general administration in supporting the School.

Governance costs include the cost of governance arrangements which relate to the general running of the charity as opposed to the direct management functions inherent in generating funds or service delivery of the charitable activities. This includes such items as a proportion of the Bursar's salary, costs of external audit, expenses incurred by governors in carrying out their duties as trustees and costs associated with constitutional and statutory requirements.

Generating Funds includes costs of raising funds from external sources such as alumni, past parents and friends of the school. Costs of raising funds from the current parent base are included in charitable activities.

Trading costs relate to the costs of goods sold.

(l) Grants Payable

Grants payable are charged as expenses in the year during which they are paid.

(m) Funds

Unrestricted funds are funds that can be used in accordance with the charitable objects at the discretion of the Governors.

Designated funds are funds set aside by the Governors out of unrestricted funds for specific purposes.

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2010

2 Incoming resources – Fundraising and trading

	Unrestricted Funds	Restricted Funds	Total 2010	Total 2009
	£	£	£	£
Income from fundraising events	-	9,944	9,944	34,454
Surcharge for late fees	2,349	-	2,349	2,251
Lettings and rents receivable	4,572	-	4,572	4,739
Trading income	10,948	-	10,948	14,633
	17,869	9,944	27,813	56,077

3 Incoming resources from charitable activities

The income and surplus is attributable to the principal activity of running a preparatory school. The income all arose within the United Kingdom.

	Unrestricted Funds	Restricted Funds	Total 2010	Total 2009
	£	£	£	£
School fees (gross)	3,838,740	-	3,838,740	3,495,080
Less Bursaries and allowances	(204,372)	-	(204,372)	(175,064)
Total Net fees	3,634,368	-	3,634,368	3,320,016
Additional activities	38,134	-	38,134	36,091
	3,672,502	-	3,672,502	3,356,107

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4. Analysis of total resources expended

	Total 2010 £	Total 2009 £
Costs of generating funds:		
Development costs	13,155	12,980
Trading costs	13,777	25,998
Restricted expenditure	7,698	14,647
Total cost of generating funds	34,630	53,625
Charitable Activities		
School operating costs		
Teaching	2,042,460	1,902,968
Early retirement package	(1,007)	(47,195)
Welfare	473,603	452,553
Premises	578,174	538,106
Support costs (see notes 1(k) & 5)	357,012	292,986
	3,450,242	3,139,418
Governance (see notes 1(k) & 6)	43,570	30,926
Total resources expended	3,528,442	3,223,969

Included in the Premises costs above is the depreciation charge of £213,602 (2009 £188,475)

5 Support costs

	2010 £	2009 £
Salaries	184,911	177,473
Office and other administrative costs	140,974	113,196
Finance costs	31,127	2,317
	357,012	292,986

6 Governance costs

	2010 £	2009 £
Apportioned salary	18,209	16,941
Audit and accountancy fees	9,612	7,890
Governors training and expenses	2,135	1,295
Legal and consultancy fees	8,582	4,800
Statutory inspection costs	5,032	-
	43,570	30,926

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7 Staff costs

	2010	2009
	£	£
Wages and salaries	1,909,605	1,783,811
Social security costs	148,830	132,534
Other pension costs	226,677	209,519
	<u>2,285,112</u>	<u>2,125,864</u>

**The average number of persons
employed by the company during the year**

	2010	2009
	Number	Number
Teaching	58	59
Non Teaching	16	17
	<u>74</u>	<u>76</u>

No trustee received remuneration during the year (2009 none)

Trustees incurred accommodation and subsistence costs amounting to £1,823 (2009 £843)

Trustees indemnity insurance of £396 (2009 £384) was paid during the year

The following number of employees received remuneration greater than £60,000

	2010	2009
	Number	Number
£90,000 to £100,000	1	-
£80,000 to £90,000	-	1

The number of higher paid staff to which benefits were accruing under defined benefit pension schemes is 1 (2009 1)

In addition to staff employed directly by the School, 10 catering staff and 10 cleaning staff are employed under two sub-contracts (2009 10 and 10 respectively) The costs of the catering and cleaning contracts for the year were £145,274 and £67,959 respectively (2009 £139,365 and £67,421)

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8 Tangible fixed assets

	Specialised Freehold Property £	Non Specialised Freehold Property £	Sports equipment £	School Equipment £	Fixtures and Equipment £	Assets in the Course of Construction £	Total £
Cost							
At 1 September 2009	3,526,752	756,654	22,867	413,313	225,437	-	4,945,023
Additions	297,251	-	5,177	112,149	45,584	43,782	503,943
Disposals	-	-	-	-	-	-	-
At 31 August 2010	3,824,003	756,654	28,044	525,462	271,021	43,782	5,448,966
Accumulated Depreciation							
At 1 September 2009	1,361,222	-	17,627	227,713	179,024	-	1,785,586
Disposals	-	-	-	-	-	-	-
Charge for the year	156,393	-	2,083	40,449	14,677	-	213,602
At 31 August 2010	1,517,615	-	19,710	268,162	193,701	-	1,999,188
Net Book Value							
At 31 August 2010	2,306,388	756,654	8,334	257,300	77,320	43,782	3,449,778
At 31 August 2009	2,165,530	756,654	5,240	185,600	46,413	-	3,159,437
Depreciation Rates	10% & 4%	Nil	10%	10-20%	10- 33 3%		

The bank holds a legal charge over the freehold property in respect of the overdraft facility

Specialised buildings included in freehold property are depreciated in accordance with the accounting policy set out in Note 1(d)

An impairment review was conducted by the Governors in January 2009 which confirmed that the realisable value of the non specialised assets exceeds the declared carrying value

Some individual items which form part of a larger project and for which their individual historic value is below the threshold have been capitalised as part of the overall project to which they relate

The net book value of fixed assets includes nil (2009 £19,230) in respect of assets held under finance lease and hire purchase contracts. The related depreciation charged against the assets held under finance lease is nil (2009 nil)

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9. Stock

	2010	2009
	£	£
Food items only	1,673	1,903

10 Debtors - amounts due within one year

	2010	2009
	£	£
Trade debtors	2,962	14,270
Other debtors	-	11,469
Prepayments	35,789	31,559
	38,751	57,298

11. Creditors – amounts falling due within one year

	2010	2009
	£	£
Bank overdraft	436,116	206,726
Hire purchase creditor	-	1,898
Final term deposits	11,250	10,850
Advance Fee Scheme	55,648	38,578
Trade creditors	122,421	283,768
Social security costs	46,790	42,918
Pension creditor	4,027	4,027
Other creditors	67,571	25,688
Accruals and deferred income	242,791	233,984
	986,614	848,437

The bank overdraft is secured by a legal charge over Carswell House and Carswell Manor

Analysis and accruals and deferred income

	2010	2009
	£	£
Deferred income balance at 1 September 2009	233,984	131,285
Fees received	197,574	216,250
Fees released to surplus	(233,984)	(131,285)
	197,574	216,250
Deferred income balance at 31 August 2010	197,574	216,250
Accrued charges	45,217	17,734
Total Accruals and deferred income	242,791	233,984

The deferred income relates to fees paid for and in advance of the Autumn Term 2010

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12 Creditors – amounts falling due after one year

	2010 £	2009 £
Final term deposits	125,000	118,500
Advance Fee Scheme	60,260	107,562
Pension creditor	75,031	76,039
	<u>260,291</u>	<u>302,101</u>

The pension creditor relates to future unfunded pension costs in relation to a past employee. The amount has been calculated using average life expectancy data and was reviewed by the Teachers' Pensions Agency in August 2010.

Analysis of debt maturity 2010	Bank loans and overdrafts £	Fees in advance scheme £	Final term deposits £	Pension creditor £	Total £
Amounts payable					
In one year or less or on demand	436,116	55,648	11,250	4,027	507,041
In more than one year but not more than two years	-	21,195	11,000	4,027	36,222
In more than two years but not more than five years	-	31,193	48,000	16,108	95,301
In five years or more	-	7,872	66,000	54,896	128,768
	<u>436,116</u>	<u>115,908</u>	<u>136,250</u>	<u>79,058</u>	<u>767,332</u>

Analysis of debt maturity 2009:	Bank loans and overdrafts £	Fees in advance scheme £	Final term deposits £	Pension creditor £	Total £
Amounts payable					
In one year or less or on demand	206,726	38,578	10,850	4,027	260,181
In more than one year but not more than two years	-	43,630	13,250	4,027	60,907
In more than two years but not more than five years	-	49,855	39,250	16,108	105,213
In five years or more	-	14,077	66,000	55,904	135,981
	<u>206,726</u>	<u>146,140</u>	<u>129,350</u>	<u>80,066</u>	<u>562,282</u>

Obligations under finance leases and hire purchase contracts	2010 £	2009 £
Amounts payable:		
In one year or less	-	1,898
In more than one year but not more than two years	-	-
Within two to five years	-	-
After five years	-	-
	<u>-</u>	<u>1,898</u>

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13. Advance Fees Scheme

Parents may enter into a contract to pay the School the equivalent of up to 9 years' tuition fees in advance. The money may be returned subject to specific conditions. Assuming pupils will remain in the School, advance fees will be applied as shown in note 12 above. In 2008 the Board suspended the scheme thereby not accepting new deposits for the time being. Movements during the year were

	2010 £	2009 £
Balance at 1 September	146,141	179,938
New contracts	-	-
Amounts credited to contracts	5,477	7,249
	151,618	187,187
Amounts used to settle fees due	(35,710)	(41,046)
Balance at 31 August	115,908	146,141

14. Unrestricted Funds

	At 1 September 2009 £	Surplus /(Deficit) £	Transfers from restricted funds £	At 31 August 2010 £
Bursary fund	104,836	(85,380)	-	19,456
General fund	1,952,715	255,169	-	2,207,884
	2,057,551	169,789	-	2,227,340

15. Restricted funds – movements in the year

	At 1 September 2009 £	Income £	Expended £	Transfers to Unrestricted Funds £	At 31 August 2010 £
Cannon Classics Prize	374	-	(42)	-	332
Centenary Appeal fund	2,847	4,481	(3)	-	7,325
Centenary Donation fund	-	2,924	(60)	-	2,864
Friends of St Hugh's	6,855	5,463	(7,469)	-	4,849
Helm Poetry Fund	461	-	(16)	-	445
Professor McFarlane Prize Fund	389	-	(18)	-	371
Paul Snow Memorial Fund	11,995	-	(90)	-	11,905
Music society	50	-	-	-	50
	22,971	12,868	(7,698)	-	28,141

The Cannon Classics Prize was set up by Derek Cannon, a former Headmaster, to provide an annual prize to a student studying classics

The Centenary Funds were launched to celebrate the School's centenary in 2006. Funds raised will be used, at the Governors' discretion, to fund enhancement to our facilities and to set up a Bursary Fund to provide means tested bursaries

Friends of St Hugh's raises funds for the school to provide items that would not usually be covered by day to day budgets. The fund raises £1,000 per annum for a nominated local charity to provide funds for parents and children in need

The Helm Poetry Prize Fund was provided by a parent to fund an annual poetry prize

Professor McFarlane, a former governor, set up a fund to provide an annual prize to a student studying French

The Paul Snow Fund is in memory of a former pupil. It exists to provide grants to other former pupils to help to fund worthwhile projects undertaken by them following secondary education

A Music Society was established in 2009 to promote the learning of music in the School

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16. Analysis of net assets between funds

	Tangible fixed assets	Current assets/ (liabilities)	Long term liabilities	Total 2010
	£	£	£	£
Restricted funds				
Cannon Classics Prize	-	332	-	332
Centenary Appeal Fund	-	7,325	-	7,325
Centenary Donation Fund	-	2,864	-	2,864
Friends of St Hugh's	-	4,849	-	4,849
Helm Poetry Fund	-	445	-	445
Professor McFarlane Prize Fund	-	371	-	371
Paul Snow Memorial Fund	-	11,905	-	11,905
Music Society	-	50	-	50
	-	28,141	-	28,141
Unrestricted Funds	3,449,778	(962,147)	(260,291)	2,227,340
	3,449,778	(934,006)	(260,291)	2,255,481

17 Pension costs

Contributions are made to The Teachers' Pension Scheme (TPS), various pension schemes held with The Standard Life, Prudential and Legal & General Assurance Companies

The TPS is a defined benefit multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly the School has accounted for the scheme as if it were a defined contribution scheme.

The pension cost charge represents contributions payable by the School to the various schemes and amounted to £227,684 (excluding £1,007 valuation adjustment for pension creditor) (2009 £201,083). At 31 August 2010 contributions amounting to £27,411 (2009 £22,431) were payable and are included in creditors.

18. Related party transactions

There have been no related party transactions during the reporting period (2009 – none)

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19. Other financial commitments

At the end of the year the following annual commitments existed in respect of non cancellable operating leases

	2010 £	2009 £
Leases expiring:		
Within one year	-	-
In more than one year but not more than two years	2,806	-
In more than two years but not more than five years	<u>5,713</u>	<u>2,767</u>
	8,519	2,767
 In five years or more	 <u>-</u>	 <u>-</u>
	<u>8,519</u>	<u>2,767</u>

At the end of the year the following annual commitments existed in respect of non-cancellable maintenance and hire agreements

	2010 £	2009 £
Agreements expiring:		
Within one year	6,103	5,901
In more than one year but not more than two years	6,702	6,103
In more than two years but not more than five years	<u>11,252</u>	<u>17,954</u>
	24,057	29,958
 In five years or more	 <u>-</u>	 <u>-</u>
	<u>24,057</u>	<u>29,958</u>