

Charity Registration No. 311054

Company Registration No. 947085 (England and Wales)

**EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005**



RUSSELL NEW

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Governors

N A Shryane (Chairman)
J R S Bryant
S H T Clark
N J R Haddock
P A Haworth
T J Macpherson-Smith
P C Ward
Mrs C M Sennett

Secretary

S G Appleton

Charity number

311054

Company number

947085

Principal address

Aldenham Village
Watford
Herts
WD25 8NL

Registered office

Aldenham Village
Watford
Herts
WD25 8NL

Auditors

Russell New
The Courtyard, Beeding Court
Steyning
West Sussex
BN44 3TN

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
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**EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 JULY 2005**

The Governors present their report and accounts for the period ended 31 July 2005.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

The school is a company limited by guarantee.

Objects of the charity

In accordance with the Memorandum and Articles of Association, Edge Grove is a day and boarding preparatory school for boys and girls from 7 to 13 and, through Hart House, a pre-preparatory school for boys and girls from 3 to 7.

The school's policy is to provide a high quality, broad education which aims to make the most of an individual's all-round potential and, as part of this, to achieve very good academic performance.

The Governors determine the general policy and strategy of the school. The day to day management of the school is delegated to the Headmaster and the Bursar.

The charity has a subsidiary undertaking, Edge Grove Enterprises Limited, which receives income from the hire of the sports hall.

Review of activities

The school numbered 334 pupils between the ages of 3 and 13 at the start of the year, and ended with 342 pupils. Ninety four members of staff were employed by the school in a full-time or peripatetic capacity.

A total of 23 academic, all-rounder, sports, music, art and drama scholarships and awards were gained to senior schools. This was the best set of scholarship results in the school's history, eclipsing the 18 awards achieved in 2001. Pupils gained places at 26 different senior schools. Of the 2001 leavers, two had been appointed Head Boys of their senior schools, one a Deputy Head Boy and a further four were known to be House Captains. The girls continue to get into their 11+ schools and seven of the twelve 13+ girls gained scholarships to their senior schools. The school continues to take in a wide range of ability levels and has further developed both its learning support department (with the appointment of additional specialist staff) as well as its teaching of scholarship candidates.

The curriculum has remained broad-based and varied, and the school has continued to encourage the all-round development of its pupils. Manners and respect for other people remain central to the school's ethos and, over the year, the school has supported 12 charities, raising over £20,000 for those organisations. The school celebrated its 70th year by hosting a Summer Ball for parents, members of the community and friends of Edge Grove. A further £12,000 was donated to charities from the proceeds of the Ball.

The Pre-Prep was inspected in November 2004 and awarded the top grading in every category. The expansion from a one-stream to two-stream entry for Reception, Form 1 and Form 2 has now been completed, with 114 pupils returning in September 2005. An additional classroom and library were installed during the Summer holidays, and the internal redecoration of the Pre-Prep will be fully completed by December 2005. The car park has been fenced in to provide a safer play environment for pupils, and a new adventure playground has been designed and started. The Pre-Prep was linked to the school computer network and new PCs were installed in each of the classrooms. Further investment was made to upgrade the Pre-Prep's teaching resources, including restocking the library as well as a considerable investment in PSHE equipment and literature.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2005

The Pre-Prep timetable was linked to that of the Prep Department to allow for further cross-fertilization of staff facilities and resources. This has particularly benefited music, sport, drama and ICT. The number of After-School Clubs has increased to provide around three choices a day over four days a week. Activities on offer have included sport, music, drama, dance, Beavers, art, as well as several with an academic theme. The Clubs have been particularly welcomed by working mothers and those who now have to make only one journey to school to pick up children of different ages.

The Prep Department's sporting profile has been strong. The school has further developed its philosophy of sport-for-all. The team sports offered by the school included lacrosse, hockey, netball, basketball, football, cross-country, athletics, swimming, rugby, tennis, cricket, rounders, archery, golf and squash. As many as 19 teams were fielded on fixture days, leading to most of the Prep Department's pupils representing the school over the course of the year. The school finished as runners up in the IAPS National U13 football championships and in the top eight in the IAPS National U12 netball tournament. One Year 8 pupil won the IAPS National Girls' U13 100m title, with another finishing in 3rd position in the Boys' 200m. A Year 5 boy also ran the fastest 100m for 20 years in the East Anglia Schools Championships. Another 13 year old boy was ranked in the top 12 in the world at tennis. Twenty two pupils represented their county at cricket, squash, tennis, rugby, hockey and football.

Additional playing fields have been acquired and prepared for use, and the school's sporting profile has been further enhanced by the appointment of a number of specialist coaches.

Extra-curricular activities in the Prep Department have included Cubs and Scouts, karate, fencing, photography, music (choirs, bands and orchestras), chess, archery, technology, squash, drama, computer clubs, art and design clubs, cooking, drama and dance as well as three school plays and numerous concerts.

Each member of the Prep Department took part in expeditions which saw members of the school climbing and orienteering in Scotland, camping in Yorkshire and Dartmoor, and attending fieldwork and adventure training in the Isle of Wight. Other activities included study and cultural trips to Normandy, Paris and the First World War Battlefields. Thirty pupils took part in a French Exchange with Stanislas School in Cannes. It is hoped that the importance of these trips in helping to develop pupils' confidence and independence will be further enhanced by the addition to the teaching staff of a trained 'outward bound' instructor in September 2005.

Edge Grove has again hosted 2 very successful sports/activity holiday camps, taking place over the Easter and Summer holidays respectively. The Hertfordshire U13 cricket squad used the school for both winter and summer training, and the facilities were offered to host U13 county matches. The regional Scouts organisation has used Edge Grove for its athletic sports and football competitions, and a local football team, the Barnet Jets, has used Edge Grove as a training base. Charges have not been levied for the use of the school's sporting facilities by these squads and other local teams and organisations.

Members of the school staff are currently involved in coaching the Hertfordshire U11 and U13 squash squads, the Middlesex U11 cricket team and the South of England U13 and U14 hockey squads. Other staff members coach cricket, football, squash and rugby at local clubs and two others run local choirs. Members of the music staff play in local orchestras.

Edge Grove continues to have close links with both Aldenham Church (St John's) and Christ Church in Radlett. The school's newly-appointed Community and Environmental Officer is a member of the committee that organises the village fête. The choirs have sung evensong at the local church and the band has played at various charitable functions, including the village fête and the Munden House Christmas Carol Concert.

The school has recently set up an Independent/Maintained School Partnership Committee to look at ways of fostering links between local schools. Initial projects under discussion are football and netball leagues, and the sharing of facilities, In-Service Training and peripatetic music teachers.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2005

In partnership with the Local Authority, further recycling schemes have been introduced as part of a school policy initiative to raise the profile of environmental issues among the pupils. The school has also extensively revised the PSHE curriculum and appointed staff to deliver the new course with the aim of enhancing pupils' awareness of healthy minds and bodies.

The main items of estate expenditure over the year included: rebuilding chimney stacks and re-roofing the North side of the main house; re-modelling of the Pre-Prep Department and its play facilities; improvements to staff accommodation; resurfacing the roads and driveways; further investment in ICT and the libraries; creation of high quality games fields; a new laundry; extension of the Bursarial offices, and the building of new male and female staff changing rooms.

Edge Grove is a non-profit making organisation: all of its surpluses are therefore channelled into maintaining and improving its facilities for the benefit of its pupils and others who use the school. There has been considerable investment in the building and estate infrastructure over the past four years in order to provide facilities fit for use in the 21st Century.

The Governing Body at Edge Grove has recently conducted a SWOT analysis and will, over the course of 2005/6, review the school's 10-Year Plan. Once the review has been completed, the school architects will be briefed to develop appropriate building schemes. These are likely to include increased space provision in the Pre-Prep Department, additional boarding accommodation, new classrooms to replace temporary accommodation, and further work to enhance the Grade II listed buildings.

The school has recently reviewed its bursary policy and will be directing more funds to those who need support with the school fees, through means-tested bursaries. It also plans to launch an initiative with its alumni to create additional means-tested bursaries for talented sports players, musicians, and artists.

Bursary policy

The Board of Governors ensures that funds are made available to subsidise places at Edge Grove each year for *deserving and talented children whose parents would not otherwise be able to afford the full fees*. Applications for bursaries made under this provision are means-tested, and grants are made with the approval of the Board of Governors. In addition, the Governors are keen to ensure that the bursary scheme recognises those cases where children's continuity of education is put at risk due to the peripatetic nature of their parents' employment (eg, the Armed Forces). In such cases, the Governors will consider offering a bursary sufficient to enable parents to afford boarding fees.

All bursary awards will be subject to periodic verification by the school of the circumstances under which they were originally awarded, and the overall level of funding allocated to bursaries will be the subject of a target reviewed annually by the Board. During the year 2004/2005, the total annual value of bursaries in place exceeded £100,000.

Governors

The Governors, who are also the directors for the purpose of company law, who served during the period were:

N A Shryane (Chairman)

R R Vallings

(Resigned 20 September 2004)

J R S Bryant

S H T Clark

N J R Haddock

P A Haworth

T J Macpherson-Smith

P C Ward

C M Sennett

**EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2005**

R R Vallings resigned as Chairman on 20 September 2004 and N A Shryane was appointed Chairman at that date.

The Governors have no beneficial interest in the company. All of the Governors are members of the company and guarantee to contribute £1 in the event of a winding up.

The Governors, assisted by the Headmaster, select members of the Board. Applications for Governors are sought by word of mouth. The full Board of Governors meets at least three times a year. The Finance Committee and the Strategic Planning, Education and Administration (including Marketing) and Legal and Estates (including Risk Management) Committees are made up of Governors and other individuals where applicable. All committees operate under specific terms of reference determined by the Governors. Each committee has its decisions ratified by the Board.

The members of the sub committees were as follows:

Finance:- J R S Bryant (Chairman) and N A Shryane

Strategic Planning:- N J R Haddock (Chairman) & another to be appointed (with other members co-opted as required)

Education and Administration (including Marketing):- C M Sennett (Chairman), T J Macpherson-Smith & P C Ward

Legal and Estates (including Risk Management):- S H T Clark (Chairman) & P A Haworth

Review of financial position

The school's Financial Year 2004/2005 showed an improved net surplus, before special projects, of £255,567 (2004: £221,335). Special projects, which related to the upkeep of the premises, equipment and grounds, amounted to £187,490 (2004: £24,371) giving a net surplus after special projects of £68,077 (2004: £196,984). Gross fees were £3,341,769 (2004: £3,149,772). Total annual expenses, including interest and special projects, amounted to £3,310,508 (2004: £2,982,845). The net surplus before special projects reflected a margin on fees of 8.2%, against 7.0% in the previous year.

The net surplus funded capital expenditure of £65,277 which, linked with the £187,490 special projects allocation, enabled the rolling plan of development and maintenance of the school premises, grounds and equipment to continue.

At 31 July 2005, net borrowings were £511,087 (2004: £737,802) after repayment of £101,806 (2004: £82,885) of long-term debt and an increase in other creditors of £113,285. The interest rate on all borrowings is floating. The interest rate policy is kept under review to try and ensure it is appropriate in the current economic conditions.

Capital and special projects expenditure is expected to continue in the current year in line with the rolling plan of development. It is the Governors' intention to utilise any net surplus and cash flow (after repayment of debt) in maintaining and developing the school facilities.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2005

Reserves policy

At 31 July 2005, net consolidated unrestricted funds stood at £1,585,709 (2004: £1,517,632). These funds were wholly deployed in funding the school's premises, including accommodation for teaching staff, school equipment and working capital. The balance of funds needed to finance these items has been provided through borrowings.

Each year a budget and cash flow is produced for the following year and period performance is monitored against those figures. In setting the budget, the Governors aim to generate a net increase in funds, and a consequent net cash inflow from operating activities, sufficient to enable borrowings to be repaid in accordance with their terms, and necessary capital and special projects expenditure to be undertaken.

It is envisaged that all surplus funds, together with borrowings where appropriate, will be invested in improving school facilities and providing working capital.

Risk factors

The Governors have assessed the major risks to which the school is exposed and systems are being instigated to mitigate exposure to the major risks.


Asset cover for funds

Note 12 sets out an analysis of the assets attributable to the various funds.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Russell New be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of Governors


N A Shryane (Chairman)
Chairman of Governors


J R S Bryant
Chairman of Finance Committee

Dated: 15 March 2006

**EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF GOVERNORS' RESPONSIBILITIES**

Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the charitable company's state of affairs at the end of the year and of its income and expenditure for that period.

In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EDGE GROVE SCHOOL TRUST LIMITED**

We have audited the consolidated accounts of Edge Grove School Trust Limited for the period ended 31 July 2005 set out on pages 8 to 22. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 12.

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

Respective responsibilities of Governors and auditors

As described on page 6, the Governors, who are also the directors of Edge Grove School Trust Limited for the purpose of company law, are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Governors' Report is not consistent with the accounts, if the group 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 trustees' remuneration and transactions with the group is not disclosed.

We are not required to consider whether the statement in the Governors' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Governors' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

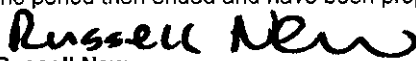
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Governors in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's and the group'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 as to whether the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the charitable company's and the group's state of affairs as at 31 July 2005 and of the group's incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Russell New

Registered Auditor

The Courtyard, Beeding Court

Steyning

West Sussex

BN44 3TN

Dated: 27 March 2006

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 JULY 2005

| | | Unrestricted funds | | Total | Total |
|---|-------|--------------------|------------------|------------------|------------------|
| | Notes | School | Other | 2005 | 2004 |
| | | £ | £ | £ | £ |
| Incoming resources | | | | | |
| Donations and legacies | | 11,253 | - | 11,253 | 2,989 |
| Activities in furtherance of the charity's activities - Gross school fees | | 3,341,769 | - | 3,341,769 | 3,149,772 |
| Activities for generating funds - Sports hall | | - | 16,753 | 16,753 | 14,191 |
| Investment income | 2 | 7,651 | - | 7,651 | 10,201 |
| Other incoming resources | | 1,159 | - | 1,159 | 2,676 |
| Total incoming resources | | 3,361,832 | 16,753 | 3,378,585 | 3,179,829 |
| Charitable expenditure | | | | | |
| Teaching costs | | 1,797,903 | - | 1,797,903 | 1,732,242 |
| Welfare costs | | 412,649 | - | 412,649 | 377,665 |
| Premises costs | | 639,249 | 16,866 | 656,115 | 426,612 |
| Finance costs | | 54,460 | 25 | 54,485 | 56,708 |
| Support costs | | 357,239 | - | 357,239 | 338,813 |
| Management and administration | | 30,748 | 1,369 | 32,117 | 50,805 |
| Total resources expended | 4 | 3,292,248 | 18,260 | 3,310,508 | 2,982,845 |
| Net income/(expenditure) for the year/ | | | | | |
| Net movement in funds | | 69,584 | (1,507) | 68,077 | 196,984 |
| Fund balances at 1 August 2004 | | 1,682,329 | (164,697) | 1,517,632 | 1,320,648 |
| Fund balances at 31 July 2005 | | 1,751,913 | (166,204) | 1,585,709 | 1,517,632 |

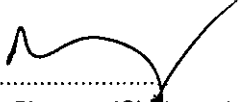
All income and gains for the period are recognised above. All of the group's activities are classified as continuing.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 2,353,609 | 2,375,670 |
| Current assets | | | |
| Stocks | | 2,907 | 11,098 |
| Debtors | 8 | 70,462 | 94,643 |
| Investments | | 9,798 | - |
| Cash at bank and in hand | | 191,932 | 53,940 |
| | | <u>275,099</u> | <u>159,681</u> |
| Creditors: amounts falling due within one year | 9 | <u>(493,834)</u> | <u>(346,365)</u> |
| Net current liabilities | | <u>(218,735)</u> | <u>(186,684)</u> |
| Total assets less current liabilities | | <u>2,134,874</u> | <u>2,188,986</u> |
| Creditors: amounts falling due after more than one year | 10 | <u>(549,165)</u> | <u>(671,354)</u> |
| Net assets | | <u><u>1,585,709</u></u> | <u><u>1,517,632</u></u> |
| Income funds | | | |
| Unrestricted funds: | | | |
| Other funds | 11 | (166,204) | (164,697) |
| General funds | | <u>1,751,913</u> | <u>1,682,329</u> |
| | | <u><u>1,585,709</u></u> | <u><u>1,517,632</u></u> |

The accounts were approved by the Board on 15 March 2006


 N A Shryane (Chairman)
 Chairman of Governors


 J R S Bryant
 Chairman of Finance Committee

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
SCHOOL BALANCE SHEET
AS AT 31 JULY 2005

| | Notes | 2005 £ | £ | 2004 £ | £ |
|--|-------|------------------|---|------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 7 | 1,891,691 | | 1,899,572 | |
| Investments | 3 | 300,000 | | 300,000 | |
| | | <u>2,191,691</u> | | <u>2,199,572</u> | |
| Current assets | | | | | |
| Stocks | | 2,907 | | 11,098 | |
| Debtors | 8 | 358,257 | | 390,567 | |
| Investments | | 9,798 | | - | |
| Cash at bank and in hand | | 172,900 | | 38,273 | |
| | | <u>543,862</u> | | <u>439,938</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(490,400)</u> | | <u>(342,760)</u> | |
| Net current liabilities | | <u>53,462</u> | | <u>97,178</u> | |
| Total assets less current liabilities | | <u>2,245,153</u> | | <u>2,296,750</u> | |
| Creditors: amounts falling due after more than one year | 10 | <u>(549,165)</u> | | <u>(671,354)</u> | |
| Net assets | | <u>1,695,988</u> | | <u>1,625,396</u> | |
| Income funds | | | | | |
| Unrestricted funds: | | | | | |
| General funds | | <u>1,695,988</u> | | <u>1,625,396</u> | |
| | | <u>1,695,988</u> | | <u>1,625,396</u> | |

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JULY 2005

| | Notes | 31 July 2005 £ | 31 July 2004 £ |
|---|-----------|----------------------|----------------------|
| Net cash inflow from operating activities | 13 | 346,477 | 220,458 |
| Returns on investments and servicing of finance | | | |
| Financing costs | (54,485) | (56,708) | |
| Net cash outflow from returns on investments and servicing of finance | | (54,485) | (56,708) |
| Capital expenditure | | | |
| Payments to acquire tangible fixed assets | (65,277) | (195,283) | |
| Net cash outflow from capital expenditure | | (65,277) | (195,283) |
| Net cash inflow/(outflow) before management of liquid resources and financing | | 226,715 | (31,533) |
| Financing | | | |
| Repayment of long term bank loan | (101,806) | (82,885) | |
| Capital element of hire purchase and finance lease rentals | (17,630) | 4,820 | |
| Net cash outflow from financing | | (119,436) | (78,065) |
| Increase/(decrease) in cash | 14 | 107,279 | (109,598) |

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 JULY 2005

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.2 Group financial statements

These financial statements consolidate the results of the school and its wholly-owned subsidiary Edge Grove Enterprises Limited on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

1.3 Incoming resources

Fee income is accounted for on a receivable basis.

Donations and legacies are accounted for as received by the charity.

Investment income is accounted for in the period in which the school is entitled to receipt.

1.4 Resources expended

Expenditure is accounted for on an accruals basis and is summarised under functional headings in the Statement of Financial Activities, with the irrecoverable element of value added tax included with the item of expense to which it relates.

Management and administration costs are those incurred in connection with the administration of the group and compliance with constitutional and statutory requirements.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|----------------------------------|----------------|
| Freehold land is not depreciated | |
| Freehold buildings | 2% on cost |
| Portable buildings | 33.33% on cost |
| Fixtures and fittings | 10% on cost |
| Motor vehicles | 25% on cost |

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2005

1 Accounting Policies

(continued)

1.7 Investments

Current asset investments are stated at market value.

1.8 Stock

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

1.9 Pensions

Teaching staff are members of the Teachers' Pension Scheme (TPS), a defined benefit scheme administered by the Teachers Pension Agency. Contributions to the Scheme are charged to the Statement of Financial Activities as they fall due. The Teachers Pension Scheme is an unfunded 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 Teachers Pension Scheme 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, under Financial Reporting Standard 17 Retirement Benefits the scheme is accounted for as if it were a defined contributions scheme.

The school also contributes to personal pension schemes for non-teaching staff.

1.10 Fund accounting

Funds held by the school are unrestricted general funds. These are funds which can be used in accordance with the charitable objects at the discretion of the Governors.

2 Investment income

| | School £ | Other £ | 2005 £ | 2004 £ |
|---------------------|-------------|------------|-----------|-----------|
| Interest receivable | 7,651 | - | 7,651 | 10,201 |

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3 Investment in trading subsidiary

The wholly-owned trading subsidiary, Edge Grove Enterprises Limited, which is incorporated in the United Kingdom, hires out the sports hall. The school owns the entire issued share capital of 300,000 A Ordinary £1 shares. A summary of the trading results is shown below.

Summary profit and loss account

| | 2005 £ | 2004 £ |
|--|----------------|--------------|
| Turnover | 33,284 | 33,784 |
| Cost of sales and administrative expenses | (18,260) | (15,585) |
| Interest receivable | - | - |
| Interest payable | (18,751) | (15,750) |
| | <u>(3,727)</u> | <u>2,449</u> |
| Net (loss)/profit retained in the subsidiary | <u>(3,727)</u> | <u>2,449</u> |

Summary balance sheet

The assets and liabilities of the subsidiary were:

| | | |
|--|----------------|----------------|
| Fixed assets | 461,918 | 476,098 |
| Current assets | 19,097 | 16,270 |
| Creditors: amounts falling due within one year | (291,294) | (298,920) |
| | <u>189,721</u> | <u>193,448</u> |
| Total net assets | <u>189,721</u> | <u>193,448</u> |
| | <u>189,721</u> | <u>193,448</u> |
| Aggregate share capital and reserves | <u>189,721</u> | <u>193,448</u> |

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4 Total resources expended

| | Staff costs £ | Depreciation £ | Other costs £ | Total 2005 £ | Total 2004 £ |
|-------------------------------|---------------------|-------------------|---------------------|--------------------|--------------------|
| Charitable expenditure: | | | | | |
| Teaching costs | 1,662,061 | 12,543 | 123,299 | 1,797,903 | 1,732,242 |
| Welfare costs | 306,275 | - | 106,374 | 412,649 | 377,665 |
| Premises costs | 121,345 | 74,795 | 459,975 | 656,115 | 426,612 |
| Finance costs | - | - | 54,485 | 54,485 | 56,708 |
| Support costs: | | | | | |
| Other support costs | 144,377 | - | 104,258 | 248,635 | 223,835 |
| Bursaries and scholarships | - | - | 108,604 | 108,604 | 114,976 |
| Management and administration | - | - | 32,117 | 32,117 | 50,805 |
| | <u>2,234,058</u> | <u>87,338</u> | <u>989,112</u> | <u>3,310,508</u> | <u>2,982,845</u> |

Management and administration costs includes payments to the auditors of £4,800 (2004: £4,700) for audit fees and £20,410 (2004: £23,669) for other services.

5 Governors

None of the Governors (or any persons connected with them) received any remuneration or benefits from the school during the period.

Professional indemnity Governors' liability insurance is provided by the school at a cost of £3,130 (2004 : £3,130).

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6 Employees

Number of employees

The average monthly number of employees during the period was:

| | 2005 | 2004 |
|----------------|---------------|---------------|
| | Number | Number |
| Teaching | 48 | 47 |
| Household | 29 | 27 |
| Administration | 5 | 5 |
| | 82 | 79 |

Employment costs

| | 2005 | 2004 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,907,474 | 1,768,801 |
| Social security costs | 157,729 | 146,276 |
| Other pension costs | 168,855 | 171,655 |
| | 2,234,058 | 2,086,732 |

The number of employees whose annual emoluments were £50,000 or more were:

| | 2005 | 2004 |
|-------------------|---------------|---------------|
| | Number | Number |
| £60,000 - £70,000 | 1 | 1 |

Contributions totalling £8,725 (2004: £8,361) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £50,000.

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7 Tangible fixed assets - Group

| | Land and buildings £ | Portable buildings £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|------------------------|----------------------------|----------------------------|-------------------------------|------------------------|------------------|
| Cost | | | | | |
| At 1 August 2004 | 2,679,602 | 16,640 | 253,869 | 64,893 | 3,015,004 |
| Additions | 62,277 | - | - | 3,000 | 65,277 |
| At 31 July 2005 | 2,741,879 | 16,640 | 253,869 | 67,893 | 3,080,281 |
| Depreciation | | | | | |
| At 1 August 2004 | 394,667 | 16,640 | 175,426 | 52,601 | 639,334 |
| Charge for the period | 49,407 | - | 25,388 | 12,543 | 87,338 |
| At 31 July 2005 | 444,074 | 16,640 | 200,814 | 65,144 | 726,672 |
| Net book value | | | | | |
| At 31 July 2005 | 2,297,805 | - | 53,055 | 2,749 | 2,353,609 |
| At 31 July 2004 | 2,284,934 | - | 78,443 | 12,293 | 2,375,670 |

The net book value of land and buildings comprises:

| | 2005 £ | 2004 £ |
|-----------------------------------|------------------|------------------|
| Freehold land | 269,277 | 269,277 |
| Short leaseholds (under 50 years) | 2,028,528 | 2,015,657 |
| | 2,297,805 | 2,284,934 |

Finance leases and hire purchase contracts

Tangible fixed assets includes, in respect of assets held under finance leases and hire purchase contracts, net book value £21,520 (2004: £43,245), cumulative depreciation £54,545 (2004: £46,306) and charge for the year £14,980 (2004: £16,329).

Included within the net book value of £2,353,609 is £461,918 relating to assets owned by the school's subsidiary, Edge Grove Enterprises Limited.

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8 Debtors

| | Consolidated | | | School |
|------------------------------------|---------------------|-------------|----------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Trade debtors | 481 | 34,499 | 417 | 33,895 |
| Amounts owed by group undertakings | - | - | 287,859 | 296,528 |
| Prepayments and accrued income | 69,981 | 60,144 | 69,981 | 60,144 |
| | 70,462 | 94,643 | 358,257 | 390,567 |

9 Creditors: amounts falling due within one year

| | Consolidated | | | School |
|---|---------------------|-------------|----------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Bank loans | 107,062 | 102,271 | 107,062 | 102,271 |
| Bank overdrafts | 30,781 | 68 | 30,781 | 68 |
| Net obligations under finance lease and hire purchase contracts | 16,011 | 18,049 | 16,011 | 18,049 |
| Taxes and social security costs | 1,111 | 1,266 | - | - |
| Other creditors | 137,729 | 24,444 | 135,406 | 22,105 |
| Accruals | 201,140 | 200,267 | 201,140 | 200,267 |
| | 493,834 | 346,365 | 490,400 | 342,760 |

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10 Creditors: amounts falling due after more than one year

| | Consolidated | | | School |
|--|---------------------|-------------|------------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Bank loans | 546,434 | 653,031 | 546,434 | 653,031 |
| Net obligations under finance leases and hire purchase contracts | 2,731 | 18,323 | 2,731 | 18,323 |
| | 549,165 | 671,354 | 549,165 | 671,354 |
| Analysis of loans | | | | |
| Wholly repayable within five years | 653,496 | 755,302 | 653,496 | 755,302 |
| | 653,496 | 755,302 | 653,496 | 755,302 |
| Included in current liabilities | (107,062) | (102,271) | (107,062) | (102,271) |
| | 546,434 | 653,031 | 546,434 | 653,031 |
| Loan maturity analysis | | | | |
| Debt due in one year or less | 107,061 | 102,271 | 107,061 | 102,271 |
| In more than one year but not more than two years | 107,061 | 102,271 | 107,061 | 102,271 |
| In more than two years but not more than five years | 216,999 | 251,937 | 216,999 | 251,937 |
| In more than five years | 222,375 | 298,823 | 222,375 | 298,823 |
| | 653,496 | 755,302 | 653,496 | 755,302 |

The bank overdraft and loans are secured by a First Land Charge over 3 Horwood Cottages, 9 High Cross and 1 & 2 Roundbush Cottages. In addition there is a third party guarantee. Any indebtedness arising thereunder is secured by a fixed and floating charge over the assets of the school.

Net obligations under finance leases and hire purchase contracts

| | | | | |
|---|-----------------|----------|-----------------|----------|
| Repayable within one year | 16,011 | 18,049 | 16,011 | 18,049 |
| Repayable between one and five years | 2,731 | 18,323 | 2,731 | 18,323 |
| | 18,742 | 36,372 | 18,742 | 36,372 |
| Included in liabilities falling due within one year | (16,011) | (18,049) | (16,011) | (18,049) |
| | 2,731 | 18,323 | 2,731 | 18,323 |

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11 Other funds

The income funds of the charity include the following other funds.

| | Balance at 1 August 2004 | Movement in funds | | Balance at 31 July 2005 |
|--------------------------------|--------------------------------|-----------------------|-----------------------|----------------------------|
| | £ | Incoming resources | Resources expended | £ |
| Edge Grove Enterprises Limited | (164,697) | 16,753 | (18,260) | (166,204) |
| | <u>(164,697)</u> | <u>16,753</u> | <u>(18,260)</u> | <u>(166,204)</u> |

Edge Grove Enterprises Limited receives rental income from the hire of the sports hall.

12 Analysis of net assets between funds

| | Unrestricted funds | Designated funds | Total |
|---|-----------------------|---------------------|------------------|
| | £ | £ | £ |
| Fund balances at 31 July 2005 are represented by: | | | |
| Tangible fixed assets | 1,891,691 | 461,918 | 2,353,609 |
| Current assets | 256,002 | 19,097 | 275,099 |
| Creditors: amounts falling due within one year | (490,399) | (3,435) | (493,834) |
| Creditors: amounts falling due after more than one year | 94,619 | (643,784) | (549,165) |
| | <u>1,751,913</u> | <u>(166,204)</u> | <u>1,585,709</u> |

13 Net cash inflow from operating activities

| | 2005 | 2004 |
|--|----------------|----------------|
| | £ | £ |
| Reconciliation to changes in resources | | |
| Net movements in funds | 68,077 | 196,984 |
| Financing costs | 54,485 | 56,708 |
| Donated investments | (9,798) | - |
| Depreciation of tangible fixed assets | 87,338 | 85,734 |
| Decrease/(increase) in stocks | 8,191 | (3,817) |
| Decrease/(increase) in debtors | 24,181 | (20,466) |
| Increase/(decrease) in creditors | 114,003 | (94,685) |
| | <u>346,477</u> | <u>220,458</u> |

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| 14 Reconciliation of net cash flow to movement in net debt | 2005 | 2004 |
|---|------------------|------------------|
| | £ | £ |
| Increase/(decrease) in cash | 107,279 | (109,598) |
| Repayment of long term bank loan | 101,806 | 82,885 |
| Capital element of hire purchase and finance lease rentals | 17,630 | (4,820) |
| Movement in net debt | 226,715 | (31,533) |
| Net debt at 1 August 2004 | (737,802) | (706,269) |
| Net debt at 31 July 2005 | (511,087) | (737,802) |

| 15 Analysis of net debt | At 1 August 2004 | Cash flow | Non-cash changes | At 31 July 2005 |
|----------------------------------|-------------------------|------------------|-------------------------|------------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 53,940 | 137,992 | - | 191,932 |
| Bank overdrafts | (68) | (30,713) | - | (30,781) |
| | | 107,279 | | |
| Debt due within one year | (102,271) | (11,080) | 6,289 | (107,062) |
| Debt due after one year | (653,031) | 112,886 | (6,289) | (546,434) |
| Hire purchase and finance leases | (36,372) | 17,630 | - | (18,742) |
| | | 119,436 | | |
| | (737,802) | 226,715 | - | (511,087) |

16 Commitments under operating leases

At 31 July 2005 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|----------------------------|---------------------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within one year | 14,535 | 14,535 | 10,005 | 10,005 |
| Between two and five years | - | - | 25,866 | 11,308 |
| In over five years | 15,000 | 15,000 | - | - |
| | 29,535 | 29,535 | 35,871 | 21,313 |

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17 Capital commitments

| | 2005 | 2004 |
|---|---------------|--------|
| | £ | £ |
| At 31 July 2005 the company had capital commitments as follows: | | |
| Expenditure contracted for but not provided in the accounts | 98,000 | 74,070 |

18 Commitments

At 31 July 2005 the company had revenue commitments contracted for but not provided in the accounts of £46,147 (2004: £nil).

19 Related parties

There were no related party transactions during the year.