

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 2006**



**RUSSELL NEW**

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

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<b>Governors</b>	Mr N A Shryane (Chairman) Mr J R S Bryant Mr S H T Clark Mr C Constantine Mr W A J Godwin Mr N J R Haddock Mr P A Haworth Mrs T J Macpherson-Smith Mrs C M Sennett Mr P C Ward Mr D M Wernick
<b>Head</b>	Mr M T Wilson
<b>Bursar and Secretary</b>	Mr S G Appleton
<b>Charity number</b>	311054
<b>Company number</b>	947085
<b>Principal address</b>	Aldenham Village Watford Herts WD25 8NL
<b>Registered office</b>	Aldenham Village Watford Herts WD25 8NL
<b>Auditors</b>	Russell New The Courtyard Shoreham Road Upper Beeding Steyning West Sussex BN44 3TN
<b>Bankers</b>	Barclays Bank 22-24 Upper Marlborough Road St Albans Herts BX3 2BB

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# **EDGE GROVE SCHOOL TRUST LIMITED**

## **(LIMITED BY GUARANTEE)**

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**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2006**

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The Governors present their report and accounts for the year ended 31 July 2006

The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the School's Memorandum and Articles of Association, the Companies Act 1985 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

Founded in 1935, Edge Grove (the 'School') is a co-educational, independent day/boarding preparatory school for children between the ages of 3 and 13 years. The School is situated in 28 acres of Hertfordshire parkland, midway between Watford and Radlett. In 1969, the School became a charitable non-profit-making educational trust, governed by a Board of Governors. In 1995, a local school, St Christopher's, having closed as an independent entity, re-opened as the pre-prep and nursery school of Edge Grove and has been known since as Hart House. The Headmaster is a member of the Incorporated Association of Preparatory Schools (IAPS) and the School is a member of the Boarding Schools' Association (BSA).

The School has accommodation for 80 Boarders and 170 Day pupils in the prep department, and 120 pupils in the pre-prep department. Seventy six full-time members of staff were employed by the School during the reporting year, with 47 involved in academic teaching, and 29 in the various support areas.

The following Governors (who are also the Directors for the purpose of Company Law) served during the year

Mr N A Shryane (Chairman)

Mr J R S Bryant

Mr S H T Clark

Mr C Constantine

(Appointed 1 August 2005)

Mr W A J Godwin

(Appointed 1 August 2005)

Mr N J R Haddock

Mr P A Haworth

Mrs T J Macpherson-Smith

Mrs C M Sennett

Mr P C Ward

Mr D M Wernick

(Appointed 1 January 2006)

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.

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**Governance and Organisational Management**

The Governors, assisted by the Headmaster, select members of the Board. Applications for the position of Governor are sought by word of mouth. The full Board of Governors meets at least 3 times per year. The Board is assisted by 4 sub-committees which carry out close scrutiny of the Governors' responsibilities and which meet termly: Strategic Planning, Finance, Education and Administration (including Marketing), and Legal and Estates (including Risk Management). These committees comprise Governors and, where applicable, other co-opted individuals. All the committees operate under specific terms of reference determined by the Board of Governors. Each committee has its decisions ratified by the Board.

The members of the committees were as follows:

**Strategic Planning:** Mr N J R Haddock (Chairman) and other co-opted members.

[During 2005/2006, the functions of the Strategic Planning Committee were carried out by the full Governing Board.]

**Finance:** Mr J R S Bryant (Chairman), Mr N A Shryane and Mr C Constantine.

**Education and Administration:** Mrs C M Sennett (Chairman), Mrs T J Macpherson-Smith and Mr P C Ward.

**Legal and Estates:** Mr S H T Clark (Chairman), Mr P A Haworth, Mr W A J Godwin and Mr D M Wernick.

The Governors determine the general strategy of the School. Effective governance is ensured through firstly, the appointment of Governors with a range of relevant skills and knowledge, secondly, the committee structure and, thirdly, through risk management systems which involve detailed scrutiny by the sub-committees. The day-to-day management of the school is delegated to the Headmaster and the Bursar, who attend the meetings of the Governing Body and its sub-committees.

**Group Structure**

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

**Governor Induction and Training**

The induction and training of Governors is carried out in accordance with the School's policy, which also covers the process of appointing Governors. In addition to receiving a detailed Governors' 'Welcome Pack', new Governors attend a series of visits and briefings aimed at familiarising them both with the detailed workings of the School and the responsibilities attaching to their role as trustees. Following their appointment, Governors are strongly urged to take advantage of the numerous training opportunities available, and a central record of such training is maintained.

**Related Parties**

Two Governors have a limited commercial interest in the school. Note 19 of the accounts refers.

**Risk Management**

The Governors have assessed the major risks to which the School is exposed and have instigated steps to mitigate exposure to those risks.

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**CHARITABLE OBJECTS AND ACTIVITIES**

**Charitable Objects**

Edge Grove is a Charitable Trust, the stated general object of which is the advancement and promotion of education

**Educational Aims**

In particular, the School aims to provide a high quality, broad education that will enable all of its pupils to fulfil their potential and develop their confidence, and thereby prepare them as effectively as possible for the next stage of their school careers. The School strives not only to achieve academic success, but also to provide excellent opportunities in the creative arts and sport for all of its students.

**Beneficiaries**

As a registered charity, the School's immediate beneficiaries are its 357 pupils who are able to take advantage of the wide and varied educational opportunities offered by the School. The School's high standards are founded on a genuine concern for the welfare and positive development of every child. Emphasis on courtesy and good manners is embedded in a real family atmosphere within the School, and parents are encouraged to be fully involved in the development of their own children's education and in the wider community life of the School. Pupils' and parents' views are fully taken into account in the shaping of school policy.

The School's bursaries policy (reviewed annually by the Board of Governors) ensures that funds are made available to subsidise places at Edge Grove for deserving and talented children whose parents would not otherwise be able to afford the full fees. Of particular note this year has been the launch of the Bunbury sports scholarships, specifically aimed at giving such opportunities to boys and girls with outstanding sporting potential.

The general public also benefits through access to the School's facilities, particularly its sporting facilities, and through the School's efforts to make a positive impact on local community life.

**Strategy**

The three key elements of the School's medium- to long-term strategy are to

- Continue to develop its role and reputation as a provider of excellent all-round education for its pupils, in a secure and well-maintained environment and utilising the best of modern educational resources
- Implement plans for the School's capital investment as set out in its Ten-Year Development Master Plan, which is reviewed and updated annually
- Continue to seek opportunities to make its education and associated facilities accessible to the public and particularly the South West Hertfordshire community

The success of this strategy is measured, primarily, through annual reviews of performance by the Board of Governors and by the reaction of the School's pupils and parents. The role of the parent-Governor (of which the School has four with pupils currently at the school) is particularly important in helping to measure the School's educational success.

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**Objectives for 2005/2006**

The Board of Governors identified the following seven major short-term objectives for 2005/2006 (as reflected in the School's Summary Information Return for 2005)

- Objective 1 To increase school numbers to around 350 pupils, with an average class size in the prep department of under 16 pupils
- Objective 2 To continue to invest in the School's built estate, grounds and site infrastructure, including further modernisation of the boarding facilities
- Objective 3 To continue to improve the facilities of the pre-prep department
- Objective 4 To develop a one-to-one personal tutoring system for all pupils, supported by regular communication between tutors and parents
- Objective 5 To continue to build mutually supportive links with other schools in the locality and encourage community access to the School's facilities
- Objective 6 To further enhance the roles and identities of the individual academic departments, and the resources therein
- Objective 7 To carry out a major review of the School's strengths, weaknesses, opportunities and threats (at Governing Board, School Executive and individual Departmental levels), and to use the findings to inform the School's strategic direction as set out in its Ten-year Development Master Plan

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**ACHIEVEMENTS AND PERFORMANCE**

**Performance Against Objectives for 2005/2006**

The Governors' specific objectives for 2005/2006 (as defined in 'Objectives for 2005/2006' above) were fully or partially met as follows

- Objective 1 - The school population increased from 351 pupils at the start of the academic year (in September 2005) to 357 pupils by the end of the year (July 2006) Class sizes in the prep department averaged at just under 15 pupils Objective fully met

- Objective 2 - A record £300,000 of operational surplus was channelled directly into the implementation of 22 separate projects aimed at improving the quality of the School's infrastructure and modernising its facilities Eight of these projects (totalling £160K) were capital improvements, including reorganisation of the space within the existing pre-prep department (Hart House) to increase classroom capacity and improve the toilet and washing facilities, installation of new playground equipment for Hart House and safety fencing around its car park, reconfiguration of the space within the Laundry Room to create a male staff changing area and an extension to the Bursar's office, laying of a new artificial sports surface on the existing tennis courts, installation of a new disabled toilet and shower in Hart House, and replacement of one of the School's two tractors Of the £143.5K committed to the 16 non-capitalised special projects, two of the most significant items of expenditure were, firstly, a major maintenance project to repair the Main House roof and, secondly, a special allocation of £30,000 disaggregated to the academic departments specifically for the purpose of funding projects identified in the individual Departmental Development Plans (see Objectives 6 and 7 below) Objective fully met

- Objective 3 - Key features of the School's continued investment in Hart House during the reporting year are outlined under Objective 2 above The programme for modernising Hart House's facilities will continue into 2006/2007, with the planned construction of a new building extension and the reconfiguration of existing space (see 'Plans for the Future' below) Objective partially met

- Objective 4 - All pupils in the prep department now have a personal tutor allocated to them, with regular communication links established between tutors and parents Objective fully met

- Objective 5 - A wide range of initiatives has been implemented with the aim of building mutually supportive links with other local schools, and encouraging community access to the School's facilities Examples have included the free or heavily subsidised use of the School's sports facilities by a variety of local organisations, the hosting of very successful sports/activity holiday camps for local children (organised by Excel Ltd) in the Easter and Summer holidays, and the development of links with a Hertford school for pupils with emotional and behavioural difficulties Members of the School's teaching staff have also been actively involved in local musical activities and in the coaching of local sports teams Objective partially met

- Objective 6 - During the Easter Term, each of the academic departments carried out a detailed analysis of its strengths, weaknesses, opportunities and threats (SWOT analysis - see Objective 7 below) The conclusions of these analyses were then incorporated into individual Departmental Development Plans (see Objective 2 above), setting out future priorities across all areas of departmental activity and identifying budgetary requirements The operation of annual budgets delegated to Heads of Department (started in 2004/2005) has been an important factor in enhancing the profile and identity of each department, and has worked very successfully Objective fully met



**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 JULY 2006***

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- Objective 7 - This major review, initiated by the Board of Governors in November 2005, was conducted at 3 levels: Governing Board, School Executive, and individual academic departments (see Objective 6 above). Following the review, an action plan was developed which has now been incorporated in a major revision of the School's Ten-Year Development Master Plan, outlining a prioritised sequence of capital projects spanning the next decade. The planning application for the first of these projects - the planned extension to (and reconfiguration of) Hart House - is due to be submitted to Hertsmere Borough Council in October 2006. Objective fully met.

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**FINANCIAL REVIEW**

**General Review**

In Financial Year 2005/2006 the School generated an operating surplus, before capital expenditure and special projects, of £333,112 (2005 £255,567) Gross fee income was £3,605,259 (2005 £3,318,313) from which £112,790 (2005 £108,604) was allocated to bursaries This represented a margin on fees of 9.5% against 8.2% in the previous year The net surplus funded capital expenditure of £160,021 (2005 £65,277) which, when linked to the non-capitalised special projects allocation of £143,557 (2005 £187,490), enabled the rolling plan of development and maintenance of the School premises, grounds and equipment to continue The net surplus (after special projects) was £189,555 (2005 £68,077)

As at 31 July 2006, net consolidated unrestricted funds stood at £1,775,264 (2005 £1,585,709) These funds were wholly deployed in funding the School's premises, equipment and working capital The balance of funds needed to finance these items has been provided through borrowings

As at 31 July 2006, net borrowings were £395,461 (2005 £501,289) a reduction of £105,828 The reduction reflected, inter alia, repayment of long term debt of £135,766 offset by a fall in cash at bank and in hand of £36,787 Net working capital increased by £3,071 The interest rate on all borrowings is floating and kept under review to ensure that it is appropriate in the prevailing economic conditions

**Reserves Policy**

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 School aims to generate sufficient Reserves each year to enable it to invest in its premises and grounds and fulfil its Master Plan, to support and service its borrowings, and to provide working capital The School will utilise all of its Reserves in fulfilling these aims and does not expect to generate Free Reserves over and above the level required to meet them The borrowings are secured against four properties owned by the School Annual cash surpluses representing the School's liquid resources are managed carefully in order to service its working capital requirements

A further review of the School's borrowing requirements will be undertaken in conjunction with the implementation of the capital projects detailed in the Ten-Year Development Master Plan (see 'Plans for the Future' below)

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**PLANS FOR THE FUTURE**

The goals of the School's medium- to long-term strategy (as set out in the 'Charitable Objects and Activities' section above) are unchanged for 2006/2007. The school's main short-term objectives (for 2006/2007) are to

- Review and update the School's marking and assessment policy
- Implement a setting policy for English and Maths in the Junior School (Years 3 and 4)
- Seek planning approval for, and then implement by September 2007, the capital project to extend the School's pre-prep department (Phase 1A of the School's Ten-Year Development Master Plan), and to carry out detailed planning for the projects to provide new classrooms for the Junior School and refurbish the School's kitchen and food storage facilities (Phases 1B and 1C of the Master Plan, due for completion in 2007/2008)
- Review the School's future borrowing requirements in line with the priorities specified in the Master Plan, and develop suitable funding strategies
- Continue to invest in the School's built-estate, grounds and site infrastructure to prevent an accumulation of backlog maintenance
- Continue to seek out opportunities to contribute positively to the provision of public benefit in the South West Herts locality, and to encourage wider community access to the School's facilities
- Increase resources for marketing and development (as highlighted in the Governors' Strategic Review)

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

**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



**Mr N A Shryane**

Chairman of Governors

Dated 21 March 2007

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

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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, and
- 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 disclosure regulations, Charity Law and 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**

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We have audited the accounts of Edge Grove School Trust Limited for the year ended 31 July 2006 set out on pages 11 to 25. These accounts have been prepared under the accounting policies set out on page 15.

This report is made solely to the company'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 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.

**Respective responsibilities of Governors and auditors**

As described on page 9, the Governors, who are also the directors of Edge Grove School Trust Limited for the purpose of company law, are responsible for preparing the Governors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Governors' Report is consistent with the accounts, if the charity 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 school is not disclosed.

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 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 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 school'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 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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the school's affairs as at 31 July 2006 and of its incoming resources and application of resources in the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Governors' Report is consistent with the accounts.



**Russell New**

Registered Auditor

The Courtyard

Shoreham Road

Upper Beeding

Steyning

West Sussex

BN44 3TN

Dated 10 May 2007

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 JULY 2006**

	Notes	Unrestricted school funds £	Unrestricted other funds £	Total 2006 £	Total 2005 £
<b><u>Incoming Resources</u></b>					
<b>Incoming resources from generated funds</b>					
Donations and legacies		210	-	210	11,253
Activities for generating funds - Sports hall	2	-	18,452	18,452	16,753
Investment income	3	6,958	-	6,958	7,651
		7,168	18,452	25,620	35,657
<b>Incoming resources from charitable activities</b>					
	4	3,492,469	-	3,492,469	3,209,709
Other incoming resources		3,456	1,000	4,456	1,159
<b>Total incoming resources</b>		<b>3,503,093</b>	<b>19,452</b>	<b>3,522,545</b>	<b>3,246,525</b>
<b><u>Resources Expended</u></b>					
<b>Costs of generating funds</b>					
Trading activities - Sports hall		-	14,541	14,541	16,866
Finance costs		41,666	-	41,666	31,029
		41,666	14,541	56,207	47,895
<b>Net incoming resources available</b>		<b>3,461,427</b>	<b>4,911</b>	<b>3,466,338</b>	<b>3,198,630</b>
<b>Charitable activities</b>					
Education		3,252,280	-	3,252,280	3,098,436
Governance costs		26,190	1,500	27,690	32,117
<b>Total resources expended</b>	5	<b>3,320,136</b>	<b>16,041</b>	<b>3,336,177</b>	<b>3,178,448</b>
<b>Net income for the year/</b>					
<b>Net incoming resources</b>		<b>182,957</b>	<b>3,411</b>	<b>186,368</b>	<b>68,077</b>
<b>Other recognised gains and losses</b>					
Gains on investment assets	6	3,187	-	3,187	-
<b>Net movement in funds</b>		<b>186,144</b>	<b>3,411</b>	<b>189,555</b>	<b>68,077</b>
Fund balances at 1 August 2005		1,751,913	(166,204)	1,585,709	1,517,632
<b>Fund balances at 31 July 2006</b>		<b>1,938,057</b>	<b>(162,793)</b>	<b>1,775,264</b>	<b>1,585,709</b>

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 2006**

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	9	2,434,265		2,353,609	
<b>Current assets</b>					
Stocks		6,410		2,907	
Debtors	10	45,751		70,462	
Investments	6	-		9,798	
Cash at bank and in hand		153,673		191,932	
		<u>205,834</u>		<u>275,099</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(455,363)</u>		<u>(493,834)</u>	
<b>Net current liabilities</b>		<u>(249,529)</u>		<u>(218,735)</u>	
<b>Total assets less current liabilities</b>		<u>2,184,736</u>		<u>2,134,874</u>	
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(409,472)</u>		<u>(549,165)</u>	
<b>Net assets</b>		<u><u>1,775,264</u></u>		<u><u>1,585,709</u></u>	
<b>Income funds</b>					
Unrestricted funds					
Other funds	13	(162,793)		(166,204)	
General funds		<u>1,938,057</u>		<u>1,751,913</u>	
		<u><u>1,775,264</u></u>		<u><u>1,585,709</u></u>	

The accounts were approved by the Board on 21 MARCH 2007

  
N A Shryane  
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 2006**

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	9	1,986,527		1,891,691	
Investments	2	300,000		300,000	
		<u>2,286,527</u>		<u>2,191,691</u>	
<b>Current assets</b>					
Stocks		6,410		2,907	
Debtors	10	329,908		358,257	
Investments	6	-		9,798	
Cash at bank and in hand		120,510		172,900	
		<u>456,828</u>		<u>543,862</u>	
<b>Creditors' amounts falling due within one year</b>	11	<u>(452,311)</u>		<u>(490,400)</u>	
<b>Net current assets</b>		<u>4,517</u>		<u>53,462</u>	
<b>Total assets less current assets</b>		<u>2,291,044</u>		<u>2,245,153</u>	
<b>Creditors' amounts falling due after more than one year</b>	12	<u>(409,472)</u>		<u>(549,165)</u>	
<b>Net assets</b>		<u>1,881,572</u>		<u>1,695,988</u>	
<b>Income funds</b>					
Unrestricted funds					
General funds		<u>1,881,572</u>		<u>1,695,988</u>	
		<u>1,881,572</u>		<u>1,695,988</u>	



**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2006**

	Notes	2006 £	2005 £
<b>Net cash inflow from operating activities</b>	<b>14</b>	<b>304,329</b>	<b>323,021</b>
<b>Returns on investments and servicing of finance</b>			
Financing costs	(41,666)	(31,029)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(41,666)</b>	<b>(31,029)</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(160,021)	(65,277)	
Receipts from sales of investments	12,985	-	
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(156,834)</b>	<b>(65,277)</b>
<b>Net cash inflow before management of liquid resources and financing</b>		<b>105,828</b>	<b>226,715</b>
<b>Financing</b>			
Repayment of long term bank loan	(135,766)	(101,806)	
Capital element of hire purchase and finance lease rentals	(16,647)	(17,630)	
<b>Net cash outflow from financing</b>		<b>(152,413)</b>	<b>(119,436)</b>
<b>(Decrease)/increase in cash</b>	<b>15</b>	<b>(36,787)</b>	<b>107,279</b>

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**1 Accounting policies**

**1.1 Basis of preparation**

The accounts have been prepared under the historical cost convention

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 1985

**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 paragraphs 396 and 397 of SORP 2005

**1.3 Incoming resources**

School fee income is accounted for on a receivable basis and consists of charges billed for the school year ended 31 July, less bursaries and allowances. Fees received for education to be provided in future years are carried forward as deferred income.

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, with the irrecoverable element of value added tax included with the item of expense to which it relates.

Overhead and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year.

Governance 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

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**1 Accounting Policies**

**(continued)**

**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.

**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.

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

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**2 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. These include transactions with Edge Grove School Trust Limited, which have been eliminated on consolidation.

**Summary profit and loss account**

	<b>2006</b>	<b>2005</b>
Turnover	38,197	33,284
Cost of sales and administrative expenses	(16,041)	(18,260)
Other operating income	1,000	-
Interest payable	(19,500)	(18,751)
	<u>3,656</u>	<u>(3,727)</u>
Net profit/(loss) retained in the subsidiary		

**Summary balance sheet**

The assets and liabilities of the subsidiary were

Fixed assets	447,738	461,918
Current assets	33,163	19,097
Creditors: amounts falling due within one year	(287,524)	(291,294)
	<u>193,377</u>	<u>189,721</u>
Total net assets		
	<u>193,377</u>	<u>189,721</u>
Aggregate share capital and reserves		
	<u>193,377</u>	<u>189,721</u>

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**3 Investment income**

	2006 £	2005 £
Interest receivable	<u>6,958</u>	<u>7,651</u>

**4 Incoming resources from charitable activities**

	2006 £	2005 £
Gross school fees	3,605,259	3,318,313
Bursaries, scholarships and allowances	<u>(112,790)</u>	<u>(108,604)</u>
Net school fees	<u>3,492,469</u>	<u>3,209,709</u>

**5 Total resources expended**

	Staff costs £	Depreciation £	Other costs £	Total 2006 £	Total 2005 £
<b>Costs of generating funds</b>					
Trading activities - Sports hall	-	14,181	360	14,541	16,866
Finance costs	-	-	41,666	41,666	31,029
Total costs of generating funds	<u>-</u>	<u>14,181</u>	<u>42,026</u>	<u>56,207</u>	<u>47,895</u>
<b>Charitable activities</b>					
<u>Education</u>					
Teaching	1,811,626	1,661	118,084	1,931,371	1,797,903
Welfare	296,120	-	112,408	408,528	412,649
Premises	138,007	63,524	440,389	641,920	639,249
Support costs	156,363	-	114,098	270,461	248,635
Total charitable activities	<u>2,402,116</u>	<u>65,185</u>	<u>784,979</u>	<u>3,252,280</u>	<u>3,098,436</u>
<b>Governance costs</b>	<u>-</u>	<u>-</u>	<u>27,690</u>	<u>27,690</u>	<u>32,117</u>
	<u>2,402,116</u>	<u>79,366</u>	<u>854,695</u>	<u>3,336,177</u>	<u>3,178,448</u>

Management and administration costs includes payments to the auditors of £4,900 (2005 £4,800) for audit fees and £17,778 (2005 £20,410) for other services

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**6 Investments**

During the year investments valued at £9,798 at 31 July 2005 were sold for £12,985, giving rise to a realised gain of £3,187

**7 Governors**

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

Professional indemnity and Governors' liability insurance is provided under the terms of the school's public liability insurance policy

**8 Employees**

**Number of employees**

The average monthly number of employees during the year was

	<b>2006 Number</b>	<b>2005 Number</b>
Teaching	<b>51</b>	<b>48</b>
Household	<b>28</b>	<b>29</b>
Administration	<b>5</b>	<b>5</b>
	<b>84</b>	<b>82</b>

**Employment costs**

	<b>2006 £</b>	<b>2005 £</b>
Wages and salaries	<b>2,046,582</b>	<b>1,907,474</b>
Social security costs	<b>173,415</b>	<b>157,729</b>
Other pension costs	<b>182,119</b>	<b>168,855</b>
	<b>2,402,116</b>	<b>2,234,058</b>

The number of employees whose annual emoluments were £60,000 or more were

	<b>2006 Number</b>	<b>2005 Number</b>
£60,000 - £70,000	<b>1</b>	<b>1</b>

Contributions totalling £9,092 (2005 £8,725) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000

**EDGE GROVE SCHOOL TRUST LIMITED**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**9 Tangible fixed assets**

	Land and buildings £	Portable buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 August 2005	2,741,878	16,640	253,869	67,893	3,080,280
Additions	151,181	-	3,376	5,464	160,021
<b>At 31 July 2006</b>	<b>2,893,059</b>	<b>16,640</b>	<b>257,245</b>	<b>73,357</b>	<b>3,240,301</b>
<b>Depreciation</b>					
At 1 August 2005	444,073	16,640	200,814	65,143	726,670
Charge for the year	52,221	-	25,484	1,661	79,366
<b>At 31 July 2006</b>	<b>496,294</b>	<b>16,640</b>	<b>226,298</b>	<b>66,804</b>	<b>806,036</b>
<b>Net book value</b>					
<b>At 31 July 2006</b>	<b>2,396,765</b>	<b>-</b>	<b>30,947</b>	<b>6,553</b>	<b>2,434,265</b>
At 31 July 2005	2,297,805	-	53,055	2,749	2,353,609

The net book value of land and buildings comprises:

	2006 £	2005 £
Freeholds	269,277	269,277
Short leaseholds (under 50 years)	2,127,488	2,028,528
	<b>2,396,765</b>	<b>2,297,805</b>

**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 £nil (2005 £21,520), cumulative depreciation £54,545 (2005 £54,545) and charge for the year £nil (2005 £14,980)

Included within the net book value of £2,434,265 is £447,738 relating to assets owned by the school's subsidiary, Edge Grove Enterprises Limited

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**10 Debtors**

	<b>Consolidated</b>			<b>School</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>30,809</b>	<b>481</b>	<b>22,072</b>	<b>417</b>
Amounts owed by group undertakings	<b>-</b>	<b>-</b>	<b>284,157</b>	<b>287,859</b>
Prepayments and accrued income	<b>14,942</b>	<b>69,981</b>	<b>23,679</b>	<b>69,981</b>
	<b>45,751</b>	<b>70,462</b>	<b>329,908</b>	<b>358,257</b>

**11 Creditors: amounts falling due within one year**

	<b>Consolidated</b>			<b>School</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<b>108,258</b>	<b>107,062</b>	<b>108,258</b>	<b>107,062</b>
Bank overdrafts	<b>29,309</b>	<b>30,781</b>	<b>29,309</b>	<b>30,781</b>
Net obligations under finance lease and hire purchase contracts	<b>2,095</b>	<b>16,011</b>	<b>2,095</b>	<b>16,011</b>
Taxes and social security costs	<b>1,678</b>	<b>1,111</b>	<b>-</b>	<b>-</b>
Other creditors	<b>35,397</b>	<b>137,729</b>	<b>34,023</b>	<b>135,406</b>
Accruals	<b>278,626</b>	<b>201,140</b>	<b>278,626</b>	<b>201,140</b>
	<b>455,363</b>	<b>493,834</b>	<b>452,311</b>	<b>490,400</b>



**EDGE GROVE SCHOOL TRUST LIMITED**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**12 Creditors, amounts falling due after more than one year**

	<b>Consolidated</b>			<b>School</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	409,472	546,434	409,472	546,434
Net obligations under finance leases and hire purchase contracts	-	2,731	-	2,731
	<u>409,472</u>	<u>549,165</u>	<u>409,472</u>	<u>549,165</u>
<b>Analysis of loans</b>				
Wholly repayable	517,730	653,496	517,730	653,496
	<u>517,730</u>	<u>653,496</u>	<u>517,730</u>	<u>653,496</u>
Included in current liabilities	(108,258)	(107,062)	(108,258)	(107,062)
	<u>409,472</u>	<u>546,434</u>	<u>409,472</u>	<u>546,434</u>
<b>Loan maturity analysis</b>				
Debt due in one year or less	108,258	107,061	108,258	107,061
In more than one year but not more than two years	108,258	107,061	108,258	107,061
In more than two years but not more than five years	269,120	216,999	269,120	216,999
In more than five years	32,094	222,375	32,094	222,375
	<u>517,730</u>	<u>653,496</u>	<u>517,730</u>	<u>653,496</u>

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	2,095	16,011	2,095	16,011
Repayable between one and five years	-	2,731	-	2,731
	<u>2,095</u>	<u>18,742</u>	<u>2,095</u>	<u>18,742</u>
Included in liabilities falling due within one year	(2,095)	(16,011)	(2,095)	(16,011)
	<u>-</u>	<u>2,731</u>	<u>-</u>	<u>2,731</u>

**EDGE GROVE SCHOOL TRUST LIMITED**  
**(LIMITED BY GUARANTEE)**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**13 Other funds**

The income funds of the charity include the following other funds

	Balance at 1 August 2005	Movement in funds		Balance at 31 July 2006
	£	Incoming resources	Resources expended	£
Edge Grove Enterprises Limited	(166,204)	19,452	(16,041)	<b>(162,793)</b>
	<u>(166,204)</u>	<u>19,452</u>	<u>(16,041)</u>	<u><b>(162,793)</b></u>

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

<b>14 Net cash inflow from operating activities</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Reconciliation to changes in resources		
Changes in resources before revaluations	<b>186,368</b>	68,077
Donated shares	-	(9,798)
Financing costs	<b>41,666</b>	31,029
Depreciation of tangible fixed assets	<b>79,366</b>	87,338
Increase/(decrease) in stocks	<b>(3,503)</b>	8,191
Decrease in debtors	<b>24,711</b>	24,181
(Decrease)/Increase in creditors	<b>(24,279)</b>	114,003
	<u><b>304,329</b></u>	<u>323,021</u>
<b>15 Reconciliation of net cash flow to movement in net debt</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash	<b>(36,787)</b>	107,279
Repayment of long term bank loan	<b>135,766</b>	101,806
Capital element of hire purchase and finance lease rentals	<b>16,647</b>	17,630
Movement in liquid resources	<b>(9,798)</b>	9,798
<b>Movement in net debt</b>	<u><b>105,828</b></u>	<u>236,513</u>
<b>Net debt at 1 August 2005</b>	<u><b>(501,289)</b></u>	<u><b>(737,802)</b></u>
<b>Net debt at 31 July 2006</b>	<u><u><b>(395,461)</b></u></u>	<u><u><b>(501,289)</b></u></u>

**EDGE GROVE SCHOOL TRUST LIMITED**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2006**

**16 Analysis of net debt**

	At 1 August 2005 £	Cash flow £	Non-cash changes £	At 31 July 2006 £
Cash at bank and in hand	191,932	(38,259)	-	153,673
Bank overdrafts	(30,781)	1,472	-	(29,309)
		<b>(36,787)</b>		
Debt due within one year	(107,062)	135,766	(136,962)	(108,258)
Debt due after one year	(546,434)	-	136,962	(409,472)
Hire purchase and finance leases	(18,742)	16,647	-	(2,095)
		<b>152,413</b>		
Current asset investments	9,798	(9,798)	-	-
	<b>(501,289)</b>	<b>105,828</b>	<b>-</b>	<b>(395,461)</b>

**17 Commitments under operating leases**

At 31 July 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Expiry date				
Within one year	<b>14,535</b>	14,535	<b>10,005</b>	10,005
Between two and five years	-	-	<b>25,866</b>	25,866
In over five years	<b>15,000</b>	15,000	-	-
	<b>29,535</b>	29,535	<b>35,871</b>	35,871

**18 Commitments**

At 31 July 2006 the company had no revenue commitments contracted for but not provided in the accounts (2005 £46,147)

**EDGE GROVE SCHOOL TRUST LIMITED**  
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**NOTES TO THE ACCOUNTS (CONTINUED)**  
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**19 Related parties**

Two Governors have a limited commercial interest in the school. During the year, the Battlers Green Farm Shop (owned by Mr P A Haworth) invoiced the school £9,959 for catering supplies (mainly fresh fruit and vegetables). Mr D Wernick (who became a Governor during the year) is Managing Director of Wernick Hire Limited (suppliers of portable buildings) which invoiced the school £20,849 for the continuing hire of 3 temporary classrooms and a storage shed. All transactions were at arms length.