

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 2007**



RUSSELL NEW

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

Governors

Mr N A Shryane (Chairman)
Mr J R S Bryant
Mr C Constantine
Mrs R E Cusworth
Mr W A J Godwin
Mr N J R Haddock
Mr P A Haworth
Mr Z M Khawaja
Mrs T J Macpherson-Smith
Mr T G Nicol
Mr P C Ward
Mr D M Wernick

Head

Mr M T Wilson

Bursar and Secretary

Mr 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
Shoreham Road
Upper Beeding
Steyning
West Sussex
BN44 3TN

Bankers

Barclays Bank
22-24 Upper Marlborough Road
St Albans
Herts
BX3 2BB

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 2007

The Governors present their report and accounts for the year ended 31 July 2007

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

The School

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).

Group Structure

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

Governance and Organisational Management

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 (Resigned 10 July 2007)

Mr C Constantine

Mrs R E Cusworth (Appointed 18 April 2007)

Mr W A J Godwin

Mr N J R Haddock

Mr P A Haworth

Mr Z M Khawaja (Appointed 18 April 2007)

Mrs T J Macpherson-Smith

Mr T G Nicol (Appointed 18 April 2007)

Mrs C M Sennett (Resigned 10 July 2007)

Mr P C Ward

Mr D M Wernick

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 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 efficient working of the Board's delegated committee structure (see below) and thirdly, through application of a risk management regime underpinning all aspects of the governance task. The day-to-day management of the School is delegated to the Headmaster and the Bursar who attend all of the meetings of the Governing Board and its committees.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

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 terms of reference specified by the Board of Governors which ratifies the decisions of each committee.

During 2006/07, Board members served on the individual committees as follows:

Strategic Planning: Mr N A Shryane (Chairman), Mr T G Nicol and other co-opted members.

Finance: Mr J R S Bryant (Chairman), Mr N A Shryane, Mr C Constantine, Mr Z M Khawaja.

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

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

Governor Induction and Training

The induction and training of Governors is carried out in accordance with the School's policy on the subject, which also covers the process of appointing Governors. In addition to receiving a detailed Governors' 'Welcome Pack', new Governors attend a series of orientation 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 had related transactions with the School during the year. Note 20 of the accounts refers.

Risk Management

The Board of Governors has assessed the major risks to which the School is exposed and has instigated steps to mitigate exposure to those risks. Each of the Governors' committees carries out a comprehensive annual appraisal of the risks applicable to its specific area of responsibility. Actions required to mitigate those risks are identified and progress on their implementation is carefully monitored within each committee. The most serious risks are then incorporated within a consolidated Governors' Risk Register formally endorsed by the Board each year. The Board recognises that systems cannot provide absolute assurance that all possible risks have been identified or managed.

**EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007**

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 education. The School strives not only to achieve academic success, but also to provide excellent opportunities in sport and the creative arts for all of its students

Beneficiaries

As a registered charity, the School's immediate beneficiaries are its 381 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 policy for the award of scholarships and bursaries (reviewed annually by the Board of Governors) ensures that funds are made available to subsidise places at Edge Grove for both deserving and talented children whose parents would not otherwise be able to afford the full fees. Applications for means-tested bursaries are scrutinised by the Governors' Finance Committee, acting on behalf of the Board.

The School also provides benefit to the general public through its offer to make its resources (both human and facilities) available for usage appropriate to its educational aims.

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, and
- continue to seek opportunities to make its education and associated facilities accessible to the public, and young people in particular.

The success of this strategy is measured, primarily, through annual reviews of performance by the Board of Governors and by the reactions of the School's pupils and parents. The role of 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 2007

Objectives for 2006/2007

The Board of Governors identified the following seven major short-term objectives for 2006/07 (as detailed in the Charity Commission Summary Information Return for 2006)

- Objective 1 - Review and update the School's marking and assessment policy
- Objective 2 - Implement a setting policy for English and Maths in the Junior School (Years 3 and 4)
- Objective 3 - 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)
- Objective 4 - Review the School's future borrowing requirements in line with the priorities specified in the Master Plan, and develop suitable funding strategies
- Objective 5 - Continue to invest in the School's built-estate, grounds and site infrastructure to prevent an accumulation of backlog maintenance
- Objective 6 - Continue to seek out opportunities to contribute positively to the provision of public benefit in the South West Hertfordshire locality
- Objective 7 - Increase resources for marketing and development

ACHIEVEMENTS AND PERFORMANCE

Performance Against Objectives for 2006/2007

The Governors' specific objectives for 2006/07 (as defined above) were fully or partially met as follows

- Objective 1 - A newly-created Academic Committee identified timetabling, the shape of the day and the introduction of a new 'synthetic phonics' scheme as major priorities. The writing and implementation of a formal marking and assessment policy was put back to the 2007/08 academic year on the recommendation of the Education and Administration Committee to allow the new priorities to be delivered effectively
Objective partially met

- Objective 2 - Setting in Years 3 and 4 was introduced in January 2007 for both Maths and English, in preparation for the introduction of streaming throughout Years 4 to 8 from September 2007
Objective fully met

- Objective 3 - Planning approval for the capital project to provide an extension and alterations to the pre-prep building (Hart House) was received in December 2006 and the build was completed in September 2007, in time for the new school year. The increased space provision within Hart House now allows for uniform class sizes throughout the pre-prep department and the overall quality of the new facility has received widespread praise

Detailed planning also continued on the next phases of the Ten Year Development Master Plan: the construction of a new 3-classroom unit for the Junior School to replace the existing temporary classrooms (Phase 1B), and the refurbishment of the kitchen facilities (Phase 1C). It is planned to build the new classrooms on the site of the existing maintenance hut and associated storage facilities, in close proximity to the remainder of the Junior School. To facilitate this, the plans envisage the creation of a new Estate Yard adjacent to the Walled Garden. Both elements of the overall project are planned for completion by the end of 2008, with the first phase of the kitchen refurbishment due to be carried out in Summer 2009

Objective fully met

**EDGE GROVE SCHOOL TRUST LIMITED
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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007**

- Objective 4 - The Board of Governors carried out a comprehensive review of the funding required to support the early phases of the Master Plan. A new loan structure was negotiated with Barclays Bank but the maximum funding available from loans and revenue contributions is still unlikely to meet the full cost of the School's development aspirations, so active consideration of alternative sources of funding (eg, appeal or donation) is an ongoing priority for the Board.
Objective partially met

- Objective 5 - The year 2006/07 was the School's most successful yet in carrying out improvements to its built-estate, grounds and site infrastructure. In addition to capital expenditure of £345.3K (most of which was allocated to the Hart House project - see Objective 3 above), over 40 other significant 'special projects' (valued at £210.9K) were completed during the course of the year, the majority of which comprised facility enhancements and maintenance-related projects.
Objective fully met

- Objective 6 - One of the key themes of 2006/07 was the development of the 'public benefit' debate. The Governors' Strategic Planning Committee meeting in the Summer term 2007 focused exclusively on the issue. The School's current contribution towards public benefit takes place at many levels and in many guises. Broadly, these can be attributed to seven different categories of activity: educational support, training of teachers, fee subsidies, use of school facilities, fund-raising for charities, development of community links/support, and involvement in environmental initiatives. Much of the benefit provided is embedded in the School's day-to-day operational activity. Specific activities in 2006/07 included the following achievements: provision of 1:1 tuition for 41 pupils with special educational needs, provision of training support for two newly qualified teachers (NQTs), allocation of fee subsidies valued at £139,500, the support of 21 national and local charities (over £12,000 was raised through various fund-raising initiatives), continuing links with 2 schools whose pupils have emotional and behavioural difficulties, direct participation in a wide range of local community events, from Remembrance Day ceremonies to concerts and village fetes, hosting of numerous sporting events involving the participation of local schools and other organisations, and supply of coaching staff to local sports clubs, involvement in local recycling initiatives, development of a School Travel Plan, hosting of senior citizens at school cultural events, provision of training facilities for the Scout movement, hosting of major children's activity camps in the Easter and Summer holidays.
Objective fully met

- Objective 7 - The Headmaster's PA role was re-evaluated and, in January 2007, the former PA role was disestablished, to be replaced by new, separate Registrar and PA/Marketing posts.
Objective fully met

FINANCIAL REVIEW

General Review

In the financial year 2006/07, gross fee income was £3,994,822 - an increase of £386,107 over the 2005/06 level (£3,608,715). This was largely attributable to an increase in average pupil numbers over the same period (from 354 in 2005/06 to 374 in 2006/07) coupled, secondly, with the annual increase in fee levels. The annual value of bursaries awarded increased from £112,790 to £139,500. The operating surplus, before expenditure on capital and other special (non-capitalised) projects mentioned below, was £530,194 (£331,112 in 2006).

The operating surplus provided the resources to enable £556,089 (2006: £303,578) to be allocated to capital and other special (non-capitalised) projects designed to maintain and improve the School's facilities. Expenditure on capital projects amounted to £345,211 (2006: £160,021) and a further £210,878 was spent on non-capitalised special projects (2006: £143,557).

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

In early 2007, the Governors approved the first phase of the Ten Year Development Master Plan - an extension and alterations to the School's pre-prep department, Hart House. Funding of £297,176 - representing just under half of the total project cost - was provided from the 2006/07 capital allocation, the balance of the commitment will fall in 2007/2008.

As at 31 July 2007, net consolidated unrestricted funds stood at £2,094,580 (2006 £1,775,264). 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 2007, net borrowings were £218,984 (2006 £395,461) - a reduction of £176,477 over the year.

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 Governors' objectives are to generate sufficient Reserves each year to enable the School to invest in its infrastructure and fulfil its Development Master Plan, to support and service its borrowings, and to provide working capital. The School will utilise all of its reserves in meeting these aims and does not expect to generate free reserves over and above the level required to meet them. Annual cash surpluses representing the School's liquid resources are managed carefully in order to service its working capital requirements.

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 2007/08. The School's main short-term objectives are to

- introduce the Read-Write Inc. synthetic phonic teaching scheme at pre-prep level,
- further develop the Scholarship and 11+ programmes to ensure that each pupil's individual needs are met as fully as possible,
- initiate a review of the School's Standard Terms and Conditions, and its fee level structure,
- initiate a review of the School's staff salary structure and terms and conditions of employment,
- ensure a positive and effective response to the challenge of meeting the requirements of the Charities Act 2006,
- seek planning approval for, and then implement by December 2008, the capital project to construct a new 3-classroom unit for Years 3 and 4 and relocate the facilities for the maintenance and grounds function (Phase 1B of the School's Ten Year Development Master Plan),
- continue detailed planning for the capital project to refurbish the School's kitchen and food storage facilities (Phase 1C of the Master Plan), for implementation in Summer 2009,
- continue to invest in the School's built-estate, grounds and infrastructure to prevent an accumulation of backlog maintenance, and
- commence implementation of the School Travel Plan.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the Governors 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.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

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 11th May 2008

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

The Governors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the school and of its incoming resources and application of resources, including its net income and expenditure for the year

In preparing these 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 school will continue in operation

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

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

We have audited the accounts of Edge Grove School Trust Limited for the year ended 31 July 2007 set out on pages 10 to 23. These accounts have been prepared under the accounting policies set out on page 14.

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 8, 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 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 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 and group affairs as at 31 July 2007 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 27 June 2008

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2007

	Notes	Total 2007 £	Total 2006 £
<u>Incoming Resources</u>			
Incoming resources from generated funds			
Voluntary income - donations and legacies		2,512	210
Activities for generating funds - Sports hall	2	10,592	18,452
Investment income - interest received		13,888	6,958
		26,992	25,620
Incoming resources from charitable activities			
Other incoming resources	3	3,855,322	3,495,925
		256	1,000
Total incoming resources		3,882,570	3,522,545
<u>Resources Expended</u>			
Costs of generating funds			
Trading activities - Sports hall		16,100	14,541
		16,100	14,541
Net incoming resources available		3,866,470	3,508,004
Charitable activities			
Education		3,507,535	3,293,946
Governance costs			
		39,619	27,690
Total resources expended	4	3,563,254	3,336,177
Net income for the year/ Net incoming resources		319,316	186,368
Other recognised gains and losses			
Gains on investment assets		-	3,187
Net movement in funds		319,316	189,555
Fund balances at 1 August 2006		1,775,264	1,585,709
Fund balances at 31 July 2007		2,094,580	1,775,264

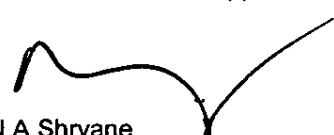
All income and gains for the period are recognised above. All of the group's activities are classified as continuing.

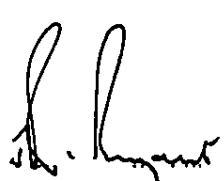
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	7	2,696,980		2,434,265	
Current assets					
Stocks		4,223		6,410	
Debtors	8	63,277		45,751	
Cash at bank and in hand		349,118		153,673	
		<u>416,618</u>		<u>205,834</u>	
Creditors: amounts falling due within one year	9	<u>(559,018)</u>		<u>(455,363)</u>	
Net current liabilities		<u>(142,400)</u>		<u>(249,529)</u>	
Total assets less current liabilities		<u>2,554,580</u>		<u>2,184,736</u>	
Creditors: amounts falling due after more than one year	10	<u>(460,000)</u>		<u>(409,472)</u>	
Net assets		<u><u>2,094,580</u></u>		<u><u>1,775,264</u></u>	
Income funds					
Unrestricted funds		<u>2,094,580</u>		<u>1,775,264</u>	
		<u><u>2,094,580</u></u>		<u><u>1,775,264</u></u>	

The accounts were approved by the Board on 19 March 2008


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 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	7	2,263,422		1,986,527	
Investments	2	300,000		300,000	
		<u>2,563,422</u>		<u>2,286,527</u>	
Current assets					
Stocks		4,223		6,410	
Debtors	8	314,952		329,908	
Cash at bank and in hand		329,011		120,510	
		<u>648,186</u>		<u>456,828</u>	
Creditors' amounts falling due within one year	9	<u>(555,997)</u>		<u>(452,311)</u>	
Net current assets		<u>92,189</u>		<u>4,517</u>	
Total assets less current assets		<u>2,655,611</u>		<u>2,291,044</u>	
Creditors. amounts falling due after more than one year	10	<u>(460,000)</u>		<u>(409,472)</u>	
Net assets		<u><u>2,195,611</u></u>		<u><u>1,881,572</u></u>	
Income funds					
		<u><u>2,195,611</u></u>		<u><u>1,881,572</u></u>	

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2007

	Notes	2007 £	2006 £
Net cash inflow from operating activities	14	521,432	262,663
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(345,211)	(160,021)	
Receipts from sales of tangible fixed assets	256	-	
Receipts from sales of investments	-	3,187	
Net cash outflow from capital expenditure and financial investment		(344,955)	(156,834)
Net cash inflow before financing		176,477	105,828
Management of liquid resources			
Movement in liquid resources	-	9,798	
Net cash inflow from management of liquid resources		-	9,798
Financing			
Repayment of long term bank loan	(57,730)	(135,766)	
Capital element of hire purchase and finance lease rentals	(2,095)	(16,647)	
Net cash outflow from financing		(59,825)	(152,413)
Increase/(decrease) in cash	15	116,652	(36,787)

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2007

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, 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
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NOTES TO THE ACCOUNTS (CONTINUED)
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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 Stock

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

1.8 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.

1.9 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
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FOR THE YEAR ENDED 31 JULY 2007

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 (£30,811), which have been eliminated on consolidation.

Summary profit and loss account

	2007	2006
Turnover	41,403	38,197
Cost of sales and administrative expenses	(17,692)	(16,041)
Other operating income	-	1,000
Interest payable	(18,119)	(19,500)
	<u>5,592</u>	<u>3,656</u>
Net profit/(loss) retained in the subsidiary	<u>5,592</u>	<u>3,656</u>

Summary balance sheet

The assets and liabilities of the subsidiary were

Fixed assets	433,557	447,738
Current assets	20,107	33,163
Creditors amounts falling due within one year	(254,695)	(287,524)
	<u>198,969</u>	<u>193,377</u>
Total net assets	<u>198,969</u>	<u>193,377</u>
	<u>198,969</u>	<u>193,377</u>
Aggregate share capital and reserves	<u>198,969</u>	<u>193,377</u>

EDGE GROVE SCHOOL TRUST LIMITED
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FOR THE YEAR ENDED 31 JULY 2007

3 Incoming resources from charitable activities

	2007 £	2006 £
Gross school fees	3,949,119	3,565,772
Bursaries and allowances	(139,500)	(112,790)
	3,809,619	3,452,982
Registration fees	6,450	6,800
Extras and casual boarding	39,253	36,143
	3,855,322	3,495,925

4 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2007 £	Total 2006 £
Costs of generating funds					
Trading activities - Sports hall	-	14,180	1,920	16,100	14,541
Total costs of generating funds	-	14,180	1,920	16,100	14,541
Charitable activities					
<u>Education</u>					
Teaching	1,828,567	3,805	116,556	1,948,928	1,931,371
Welfare	321,984	-	128,109	450,093	408,528
Premises	143,179	64,511	509,743	717,433	641,920
Finance	-	-	69,756	69,756	41,666
Support costs	191,974	-	129,351	321,325	270,461
Total charitable activities	2,485,704	68,316	953,515	3,507,535	3,293,946
Governance costs	-	-	39,619	39,619	27,690
	2,485,704	82,496	993,134	3,563,254	3,336,177

Governance costs include payments to the auditors of £5,288 (2006 £4,900) for audit fees and £22,295 (2006 £17,778) for other services Included within finance costs is bank loan interest amounting to £15,539 (2006 £18,853) Included within Premises costs are operating lease costs in respect of land and buildings amounting to £34,075 (2006 £25,818) and in respect of other leases £74,325 (2006 £76,132)

EDGE GROVE SCHOOL TRUST LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

5 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

6 Employees

Number of employees

The average monthly number of employees during the year was

	2007	2006
	Number	Number
Teaching	45	45
Household	22	21
Administration	7	6
	74	72

Employment costs

	2007	2006
	£	£
Wages and salaries	2,104,556	2,046,582
Social security costs	174,039	173,415
Other pension costs	207,109	182,119
	2,485,704	2,402,116

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

	2007	2006
	Number	Number
£60,000 - £70,000	-	1
£70,000 - £80,000	1	-

Contributions totalling £9,778 (2006 £9,092) were made to the Teachers' Pension Scheme 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 2007

7 Tangible fixed assets - Consolidated

	Land and buildings £	Portable buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 August 2006	2,893,059	16,640	257,245	73,357	3,240,301
Additions	335,587	-	2,868	6,756	345,211
At 31 July 2007	3,228,646	16,640	260,113	80,113	3,585,512
Depreciation					
At 1 August 2006	496,294	16,640	226,298	66,804	806,036
Charge for the year	52,987	-	25,704	3,805	82,496
At 31 July 2007	549,281	16,640	252,002	70,609	888,532
Net book value					
At 31 July 2007	2,679,365	-	8,111	9,504	2,696,980
At 31 July 2006	2,396,765	-	30,947	6,553	2,434,265

The net book value of land and buildings comprises:

	2007 £	2006 £
Freeholds	551,877	368,237
Short leaseholds (under 50 years)	2,127,488	2,028,528
	2,679,365	2,396,765

Included within the net book value of £2,696,980 is £433,557 relating to assets owned by the school's subsidiary, Edge Grove Enterprises Limited

8 Debtors

	Consolidated		School	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	37,564	30,809	37,564	30,809
Amounts owed by group undertakings	-	-	251,675	284,157
Prepayments and accrued income	25,713	14,942	25,713	14,942
	63,277	45,751	314,952	329,908

EDGE GROVE SCHOOL TRUST LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

9 Creditors: amounts falling due within one year

	Consolidated			School
	2007	2006	2007	2006
	£	£	£	£
Bank loans	-	108,258	-	108,258
Bank overdrafts	108,102	29,309	108,102	29,309
Net obligations under finance lease and hire purchase contracts	-	2,095	-	2,095
Taxes and social security costs	1,060	1,678	-	-
Deposits and fees in advance	294,990	278,626	294,990	278,626
Trade creditors and accruals	154,866	35,397	152,905	34,023
	559,018	455,363	555,997	452,311

10 Creditors: amounts falling due after more than one year

	Consolidated			School
	2007	2006	2007	2006
	£	£	£	£
Bank loans	460,000	409,472	460,000	409,472
Analysis of loans				
Total loan capital	460,000	517,730	460,000	517,730
	460,000	517,730	460,000	517,730
Included in current liabilities	-	(108,258)	-	(108,258)
	460,000	409,472	460,000	409,472
Loan maturity analysis				
Debt due in one year or less	-	108,258	-	108,258
In more than one year but not more than two years	-	108,258	-	108,258
In more than two years but not more than five years	60,883	269,120	60,883	269,120
In more than five years	399,117	32,094	399,117	32,094
	460,000	517,730	460,000	517,730

The bank overdraft and loans are secured by a First Land Charge over 3 Horwood Cottages, 9 High Cross and 1 & 2 Roundbush Cottages

EDGE GROVE SCHOOL TRUST LIMITED
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11 Pension costs

Teachers are required to join the Teachers' Pension Scheme, unless they opt out, which is an unfunded defined benefit scheme. Teachers' contributions, which are on a pay-as-you-go basis, and employer's contributions are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the scheme. The aim of the review is to specify the level of future contributions.

The last valuation of the scheme related to the period from 1 April 2001 to 31 March 2004. As a result of the Government Actuary's report in October 2006, the contributions were increased from 1 January 2007 to 6.4% by employees and 14.1% by employers. The cost sharing agreement will also introduce, for the first time from the 2008 valuation, a 14% cap on the employer contributions. For the period up to 31 December 2006 the contributions were 6% for employees and 13.5% for employers.

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the Teachers' Pension Scheme is a multi-employer scheme and, as such, the charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charity has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

Employer contributions due to the Teachers' Pension Scheme during the year amounted to £181,715 (2006: £157,539) and contributions due to other pension schemes amounted to £25,394 (2006: £24,580). There were no amounts (2006: £nil) outstanding at the balance sheet date.

12 Share capital

The charity is limited by guarantee and does not have a share capital. No one member has overall control of the charity.

13 Other funds

Included within Unrestricted funds are the reserves of the charity's subsidiary Edge Grove Enterprises Limited. These funds represent non-charitable funds.

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FOR THE YEAR ENDED 31 JULY 2007

14 Net cash inflow from operating activities	2007	2006
	£	£
Reconciliation to changes in resources		
Changes in resources before revaluations	319,316	186,368
Donated shares	-	(9,798)
Depreciation of tangible fixed assets	82,496	79,366
Profit on disposal of tangible fixed assets	(256)	-
Decrease/(increase) in stocks	2,187	(3,503)
(Increase)/decrease in debtors	(17,526)	24,711
Increase/(decrease) in creditors	135,215	(24,279)
	521,432	252,865

15 Reconciliation of net cash flow to movement in net debt	2007	2006
	£	£
Increase/(decrease) in cash	116,652	(36,787)
Repayment of long term bank loan	57,730	135,766
Capital element of hire purchase and finance lease rentals	2,095	16,647
Movement in liquid resources	-	(9,798)
Movement in net debt	176,477	105,828
Net debt at 1 August 2006	(395,461)	(501,289)
Net debt at 31 July 2007	(218,984)	(395,461)

16 Analysis of net debt	At 1 August 2006	Cash flow	Non-cash changes	At 31 July 2007
	£	£	£	£
Cash at bank and in hand	153,673	195,445	-	349,118
Bank overdrafts	(29,309)	(78,793)	-	(108,102)
		116,652		
Debt due within one year	(108,258)	57,730	50,528	-
Debt due after one year	(409,472)	-	(50,528)	(460,000)
Hire purchase and finance leases	(2,095)	2,095	-	-
		59,825		
	(395,461)	176,477	-	(218,984)

EDGE GROVE SCHOOL TRUST LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2007

17 Commitments under operating leases

At 31 July 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Expiry date				
Within one year	24,500	14,535	12,929	10,005
Between two and five years	-	-	20,154	25,866
In over five years	20,250	15,000	-	-
	44,750	29,535	33,083	35,871

18 Capital commitments

2007 **2006**
£ **£**

At 31 July 2007 the company had capital commitments as follows

Expenditure contracted for but not provided in the accounts	344,596	-
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19 Commitments

At the balance sheet date the School had entered into a contract with Barclays Bank plc for the provision of loans totalling £1.46m to finance its development plan. The term of the loan is 20 years from the date of the first drawdown, which was 8 August 2007. From 31 October 2007 £400,000 of the loan is capped at 3% above LIBOR, rising to £730,000 of the loan from 31 October 2008 for a period of 10 years. Repayments of the capital begin 3 years after the first drawdown.

20 Related parties

Two Governors have had related transactions with the School during the year. During the year, the Battlers Green Farm Shop (owned by Mr P A Haworth) invoiced the school £13,606 (2006 £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 £32,803 (2006 £20,849) for the continuing hire of 3 temporary classrooms and a storage shed, along with the provision of temporary classrooms for the Hart House extension project. All transactions were at arms length.