

Registered Company Number: 2106661  
Registered Charity Number: 295785

**Magdalen College School Oxford Limited**  
**Annual Report and Financial Statements**  
**for the year ended 31 July 2003**



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**MAGDALEN COLLEGE SCHOOL OXFORD LIMITED**  
**YEAR ENDED 31 JULY 2003**

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# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

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## ANNUAL REPORT AND ACCOUNTS

### COMPANY INFORMATION

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#### Directors

Dr M J Peagram (Chairman)  
Dr M Allingham  
Mr G G Audley-Miller  
Dr L W B Brockliss  
Mr D J Eeley  
Mrs W E Hart  
Mr G W Neilson  
Mrs J Townsend  
Mr W Wyatt CBE (Deputy Chairman)  
Mr. P. Tobin

Prof B J Bellhouse  
The Revd Dr T Bradshaw  
Dr R G Denning (Resigned 31 December 2002)  
Dr C Y Ferdinand  
Mr C J G Ives  
Dr B J Sutton  
Sir M Wheeler-Booth KCB

#### Secretary

Mr M H Kefford OBE

#### Members:

The President and Fellows of the College of St Mary Magdalen The Senior Bursar of Magdalen College

#### Registered Office:

Cowley Place  
Oxford

#### Registered Number:

2106661

#### Registered Charity Number:

295785

#### Auditors:

Horwath Clark Whitehill  
Chartered Accountants and Registered Auditors  
Carrick House  
Lypiatt Road  
Cheltenham  
Glos GL52 2QJ

#### Bankers:

National Westminster Bank  
Oxford

#### Solicitors:

Morgan Cole  
Oxford

The Bursar  
The Clerk to the Governors

Mr M H Kefford OBE

# **MAGDALEN COLLEGE SCHOOL OXFORD LIMITED**

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## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2003**

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The Directors present their report and the audited financial statements for the year ended 31<sup>st</sup> July 2003.

#### **STATUS AND ADMINISTRATION**

The Company is a registered charity, number 295785, and company number 2106661. The liability of the members is limited by guarantee.

#### **DIRECTORS**

The present directors of the company, who are also the charity trustees and the Governors of the school, and others who served during the year as indicated, are disclosed on the company information page.

#### **OBJECTS**

The charity is a company limited by guarantee whose activities are governed by its memorandum and articles of association.

The principal activity of the company is to promote and provide for the advancement and education of children in the United Kingdom, and in connection therewith to conduct, carry on, acquire and develop any boarding or day school or schools. There has been no significant change in this activity during the year and the Directors' do not anticipate that the nature and scope of the company's activities will change significantly in the foreseeable future.

#### **OPERATIONAL POLICY AND ORGANISATIONAL STRUCTURE**

The company provides education to boys from the ages of 7 to 18 in its school in Oxford.

The day to day running of the school is delegated to the Headmaster, their respective Senior Management Team and the Bursar. The Headmaster and Bursar attend the meetings of the board.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

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## DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2003 - CONTINUED

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### REVIEW OF ACTIVITIES, DEVELOPMENTS AND ACHIEVEMENTS

Public Examination results in the summer rounded off a very successful year in the life of Magdalen College School. GCSE results were excellent with 85% of all grades at A\* and A, a new school record. Over 40% of the year gained 10 or more A\* and A grades, and ten boys managed a straight run of 10 or more A\* grades. Seven certificates were won for "UK Top 5" performances: six in modern languages.

At A level, the boys achieved over 92% A and B. No A levels were failed and 99% were at grade C or above. Of the year, 27% were accepted for Oxford or Cambridge and almost every boy gained the university place he wanted.

From the new Upper Sixth form 80% gained A and B grades in their AS examinations, and should do well next year in their final A level examinations.

In addition, although a relatively small school it offers an increasing wide range of activities. In rugby, hockey and cricket the teams throughout the school have all met with improved results during the year. While in other activities, notably rowing and sailing, boys have enjoyed competition and success. The Duke of Edinburgh's Award Scheme and CCF contingents are more popular than ever and offer an increasing number of opportunities for the boys to experience adventure away from the School. During the year over 50% of the fifth and sixth form boys played a part in the School Community Service Organisation. They have provided helpers in hospitals, special needs schools and several charity shops. The School has also run several successful primary school liaison days when boys and girls from all the local primary schools are invited to take part in a special science and sports activities day.

Music has been strong throughout the year with another major concert in the Sheldonian and Chamber Music in Magdalen College chapel. A Junior concert, madrigals, jazz and blues and the Choristers performing in Milan and recording with Fretwork have all made music a high point of School life. Drama has also been a further strong suite with senior and junior plays each term and the sixth form taking there own play, written and produced by two of the boys to the Edinburgh Fringe.

The School can justifiably be proud of the additional numbers now seeking entry, the overall improvements to the facilities and efficiencies throughout the school and the further rise in the league tables to the position of the 3rd best boys' school in the UK.

### Risk Mitigation

The Governors' have carried out formal risk assessments and a review of the necessary controls.

In the opinion of the Governors, the School has established review systems which should allow these risks to be evaluated and mitigated to an acceptable level in its day to day operations.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

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## DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2003 - CONTINUED

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### Financial Results and Reserves Policy

At 612, the number of pupils in the School during the year exceeded the budget forecast of 600 and the original Five Year Plan target of 570. Although this has produced additional income, it has also produced additional costs in teaching staff and the resources used during the year. Even so the main theme of the year has been to consolidate the financial position of the school by controlling expenditure and remaining with the annual budget. The use of the Direct Debit system has grown considerably and had an immediate and positive impact on both cash flow and credit control. The payments for capital and interest on the loan for the Sports Hall have been met and the School is back to producing a healthy surplus and an improving cash position.

The Government's unheralded and unexpected increase in the employer's rate of National Insurance (1%) and Teachers Pension contributions (5.14%) impacted on the year's budget, but it was decided to take advantage of the Government's scheme to defer the payment of the pensions increase until December 2003, in order to assist the cash flow position and allow for the increase to be budgeted for properly.

The Trading Company in its second full year of operation considerably increased the overall turnover to £230,961, despite the decision by the School in February 2003 to close the Fitness Club. The consequent decline in membership income and the redundancy payments to the staff all reduced the profitability of the Company. The Company will continue to operate outside lettings during the coming year on a reduced scale.

The Governors continue to be fully committed to the work of the Development Office which has made considerable progress in laying strong foundations for future fund raising campaigns. The Development Officer in conjunction with the John Thompson Partnership ran a successful workshop to facilitate staff, parents, pupils and Governors in making a significant contribution to the future development strategy for the School. Fund raising for bursaries, buildings and an endowment fund are all now focused on specific targets and already during the year several old boys have made generous and unsolicited donations. Further payments to the late Dr Winch Memorial Fund for future bursaries introduced last year have already improved the value of this investment. The first bursaries have now been awarded for the coming school year.

The Governors have again reviewed the financial position of the School against the Five Year Plan. As a result they decided that despite the increased number of pupils forecast for 2003/2004 and 2004/2005, it would be necessary to increase future fees in order to meet the School's commitments and to get back into line with the forecast plan after the previous years of increased expenditure.

The Governors remain confident in the development of the School.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

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## DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2003 - CONTINUED

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### INVESTMENT POWERS, POLICY AND PERFORMANCE

The Directors' powers of investment are governed by the Memorandum and Articles of Association which delegates to them the powers of the Members of the association to control, manage, and invest moneys not immediately required in investments, securities or property as thought fit.

Due to the considerable expenditure during the previous year on the premises and the continued capital and interest payments there has been little scope for investment.

The Directors' policy is to continue to put any surplus cash funds on Treasury deposits in order to maximise the interest receivable while being able to support the short-term cash flow requirements. Due to the considerable expenditure during the previous year on the premises and in capital and interest payments there has been no scope for investment.

### GRANT MAKING POLICY

The Govenors' policy is to make Scholarship awards and Bursaries on the basis of the individual's ability and where appropriate on the basis of financial need.

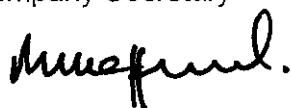
This year the value of 79 academic, music and sports scholarships, and 59 Bursary awards and 23 Assisted Place grants made to pupils of the School totalled £277,999.

The Govenors' remain committed to build up the Waynflete Awards Fund as a separate and restricted fund, and to an appropriate level in order to provide an investment income to replace fee remissions as the future source for bursaries and awards.

### AUDITORS

Horwath Clark Whitehill were re-appointed auditors in December 2002.

On behalf of the Board of Governors  
M H Kefford  
Company Secretary



# **MAGDALEN COLLEGE SCHOOL OXFORD LIMITED**

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## **STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 31 JULY 2003**

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The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its net income or expenditure for the year.

In preparing the accounts the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and the Charities SORP, disclosing and explaining any departures in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping accounting records which are such as to disclose, with reasonable accuracy, the financial position of the company at any time, and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the company's corporate assets and those of its trust funds and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.



## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

We have audited the financial statements of Magdalen College School Oxford Limited for the year ended 31 July 2003, which comprise the Statement of Financial Activities, the Charity Balance Sheet, the Cash Flow Statement and the related notes set out on pages 11 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's trustees, 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 trustees 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 trustees as a body, for our audit work, for this report, or for the opinion we have formed.

### Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

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

### Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

### Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 July 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill  
Chartered Accountants and Registered Auditors

10th November 2003

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2003

		Unrestricted Funds		Restricted	Total	2002
		School £	Other £	Funds £	Funds £	
	Notes					
<b>INCOMING RESOURCES</b>						
<b>Charitable activities</b>						
School fees	2(a)	4,372,360	-	-	4,372,360	3,914,497
Other activities to generate funds	3	-	234,870	-	234,870	161,108
Investment income		-	492	1,343	1,835	2,251
Donations		84,069	-	70,545	154,614	107,515
Other incoming resources	4	<u>285,566</u>	<u>4,007</u>	<u>-</u>	<u>289,573</u>	<u>246,963</u>
<b>Total Incoming</b>		<u><b>4,741,995</b></u>	<u><b>239,369</b></u>	<u><b>71,888</b></u>	<u><b>5,053,252</b></u>	<u><b>4,432,334</b></u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
MCS Asset Management Limited		-	180,566	-	180,566	167,697
Financing costs		155,771	9,380	-	165,151	145,520
Development department costs		<u>60,684</u>	<u>-</u>	<u>-</u>	<u>60,684</u>	<u>9,418</u>
<b>Costs deductible</b>		<u><b>216,455</b></u>	<u><b>189,946</b></u>	<u><b>-</b></u>	<u><b>406,401</b></u>	<u><b>322,635</b></u>
<b>Charitable expenditure</b>						
Teaching		2,847,604	-	-	2,847,604	2,758,712
Welfare		267,742	-	-	267,742	294,037
Premises		656,108	-	-	656,108	665,530
Support costs		481,880	-	4,307	486,187	465,000
Management and administration		<u>24,818</u>	<u>-</u>	<u>-</u>	<u>24,818</u>	<u>23,002</u>
<b>Total charitable expenditure</b>		<u><b>4,278,152</b></u>	<u><b>-</b></u>	<u><b>4,307</b></u>	<u><b>4,282,459</b></u>	<u><b>4,206,281</b></u>
<b>Total resources expended</b>	5, 6	<u><b>4,494,607</b></u>	<u><b>189,946</b></u>	<u><b>4,307</b></u>	<u><b>4,688,860</b></u>	<u><b>4,528,916</b></u>
<b>Net Incoming (outgoing) resources before transfers</b>						
		247,388	49,423	67,581	364,392	(96,582)
Transfers between funds		26,856	(26,856)	-	-	-
<b>NET INCOMING (OUTGOING) RESOURCES</b>						
		274,244	22,567	67,581	364,392	(96,582)
<b>Other recognised gains and losses</b>						
Depreciation charged to reserves		<u>(4,599)</u>	<u>-</u>	<u>-</u>	<u>(4,599)</u>	<u>(4,599)</u>
<b>NET MOVEMENT IN FUNDS</b>						
		269,645	22,567	67,581	359,793	(101,181)
Fund balances at 1 August 2002		<u>5,190,168</u>	<u>(58,602)</u>	<u>63,098</u>	<u>5,194,664</u>	<u>5,295,845</u>
<b>FUND BALANCES at 31 July 2003</b>	12	<u><b>5,459,813</b></u>	<u><b>(36,035)</b></u>	<u><b>130,679</b></u>	<u><b>5,554,457</b></u>	<u><b>5,194,664</b></u>

The notes on pages 11 to 19 form part of these accounts.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## COMPANY AND CONSOLIDATED BALANCE SHEETS

AS AT 31 JULY 2003

	Note	Consolidated 2003	2002	Company 2003	2002
	s	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7	7,634,139	7,707,252	7,604,386	7,647,531
Investment assets	8	-	-	1	1
		<u>7,634,139</u>	<u>7,707,252</u>	<u>7,604,387</u>	<u>7,647,532</u>
<b>CURRENT ASSETS</b>					
Debtors	9	290,730	392,628	395,295	449,158
Cash at bank and in hand		<u>271,214</u>	<u>116,921</u>	<u>174,843</u>	<u>32,158</u>
		<u>561,944</u>	<u>509,549</u>	<u>570,138</u>	<u>481,316</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(1,169,315)</u>	<u>(1,385,897)</u>	<u>(1,128,881)</u>	<u>(1,279,582)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(607,371)</u>	<u>(876,348)</u>	<u>(558,743)</u>	<u>(798,266)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,026,768</u>	<u>6,830,904</u>	<u>7,045,644</u>	<u>6,849,266</u>
<b>CREDITORS: Amounts falling due after one year</b>	11	<u>(1,472,311)</u>	<u>(1,636,240)</u>	<u>(1,455,152)</u>	<u>(1,596,000)</u>
<b>TOTAL NET ASSETS</b>		<u>5,554,457</u>	<u>5,194,664</u>	<u>5,590,492</u>	<u>5,253,266</u>
<b>CAPITAL AND RESERVES</b>					
REVALUATION RESERVE	12b	1,951,676	1,956,275	1,951,676	1,956,275
DESIGNATED RESERVE	12b	1,750	1,750	1,750	1,750
RESTRICTED RESERVE	12a	130,679	63,098	130,679	63,098
UNRESTRICTED FUNDS	12b	<u>3,470,352</u>	<u>3,173,540</u>	<u>3,506,387</u>	<u>3,232,143</u>
<b>TOTAL FUNDS</b>		<u>5,554,457</u>	<u>5,194,664</u>	<u>5,590,492</u>	<u>5,253,266</u>

Approved by the Board of Directors of Magdalen College School on 5/11/03 and signed on its behalf by:

(Chairman)

The notes on pages 11 to 19 form part of these accounts.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2003

	Notes	£	2003 £	2002 £
<b>NET CASH INFLOW FROM OPERATIONS</b>	15		<b>736,904</b>	<b>111,179</b>
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>				
Bank deposit interest received		1,835		2,251
Finance costs paid		<u>(225,835)</u>		<u>(154,938)</u>
			<u>(224,000)</u>	<u>(152,687)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Payment for tangible fixed assets		(3,696)		<u>(338,207)</u>
			<u>509,208</u>	<u>(379,715)</u>
<b>FINANCING:</b>				
Loan movements in the year			<u>(180,000)</u>	<u>(180,000)</u>
<b>NET CASH INFLOW/(OUTFLOW) FOR THE YEAR</b>	16		<u><b>329,208</b></u>	<u><b>(559,715)</b></u>

The notes on pages 11 to 19 form part of these accounts.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

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## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003

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### 1 ACCOUNTING POLICIES

#### (a) Basis of accounting

The accounts are prepared under the historic cost convention and in accordance with applicable accounting standards and the current Statement of Recommended Practice on accounting and reporting by charities issued in October 2000 (the Charities SORP), and with applicable accounting standards. These accounts are drawn up on the historical cost accounting basis except that investment assets are carried at market value. The following paragraphs describe the specific policies adopted for the recognition of significant categories of incoming resource and of expenditure.

#### (b) Basis of consolidation

The consolidated statements of financial activities and balance sheet include the financial statements of Magdalen College School Oxford Limited and its subsidiary MCS Asset Management Limited made up to the year ended 31 July 2003. MCS Asset Management Limited is involved in property management and letting on behalf of the school and all intra group sales and profits are eliminated fully on consolidation.

#### (c) Fees and similar income

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

#### (d) Donations

Donations receivable for the general purposes of the Charity are credited to "other unrestricted funds", to distinguish them from direct school income. Donations for purposes restricted by the wishes of the donor are taken to "restricted funds" where these wishes are legally binding on the directors.

#### (e) Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

#### (f) Finance and operating leases

Rentals payable in respect of operating leases are charged on a time basis over the lease term. Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 JULY 2003

**(g) Pension schemes**

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

The company also contributes to personal pension schemes for non-teaching staff and these contributions are accrued accordingly.

**(h) Tangible fixed assets**

The school has a policy capitalising fixed assets, where expenditure on such assets is in excess of £500.

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:-

Leasehold land and buildings	Equal instalments over the lease term
Equipment	- purchased prior to 31 <sup>st</sup> July 1999 0%
	- purchased post 1 <sup>st</sup> August 1999 10% reducing balance
Computers	- purchased post 1 <sup>st</sup> August 1999 33% straight line

The leasehold property was valued by James Styles and Whitlock (Chartered Surveyors) at £5,090,000 on 27<sup>th</sup> July 1999.

Equipment was valued by the directors at £50,000 on 29<sup>th</sup> September 1987. The school has taken advantage of the transitional provision of FRS 15 whereby the valuation of the equipment has been frozen at its value as at 31<sup>st</sup> July 1999. Subsequent additions have been included at cost.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2003

2. SCHOOL FEES	2003 £	2002 £
(a) The schools' fee income comprised:		
Gross fees	4,650,360	4,157,370
Less: Total bursaries, grants and allowances	<u>(278,000)</u>	<u>(242,873)</u>
	<u>4,372,360</u>	<u>3,914,497</u>

### 3. INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES

The school owns MCS Asset Management Limited, which provides leisure facilities, lettings and promotional goods relating to the School. MCS Asset Management Limited was incorporated and commenced trading during the year ended 31 July 2001.

(a) Its trading results for the year, as extracted from the audited accounts, are summarised below:

	2003 £	2002 £
Turnover	<u>234,870</u>	<u>161,108</u>
Administration	(180,566)	(186,867)
Other operating income	<u>4,007</u>	<u>3,750</u>
Operating profit/(loss)	58,311	(22,009)
Interest receivable	492	133
Interest Payable	(9,380)	(11,035)
Deed of covenant	<u>(26,856)</u>	<u>-</u>
Retained profit/(loss)	<u>22,567</u>	<u>(32,911)</u>

The school had loaned this company £60,000 as start up capital in the year ended 31<sup>st</sup> July 2001. The first repayment of £20,000 was made in the year, however a further £20,000 was also loaned to the subsidiary in the current year. £8,500 of interest relating to this loan was received in the year from the subsidiary.

At the balance sheet date the following amounts were outstanding relating to the subsidiary:

Share capital owed to the subsidiary £1 (2002: £1)  
Interest receivable from the subsidiary Nil (2002: £Nil)  
Loan receivable from the subsidiary £60,000 (2002: £60,000)  
Trade balance due from the subsidiary £30,484 (2002: £Nil)

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2003

**4. OTHER INCOMING RESOURCES**  
(Including non-charitable trading activities)

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
<b>Charitable activities</b>				
Registration fees	17,241	10,705	17,241	10,705
Music lessons	74,506	72,885	74,506	72,885
Lunch tickets	151,391	149,629	151,391	149,629
Tuck shop	<u>1,407</u>	<u>2,637</u>	<u>1,407</u>	<u>2,637</u>
	<u>244,545</u>	<u>235,856</u>	<u>244,545</u>	<u>235,856</u>
<b>Other activities to generate funds</b>				
Fee insurance	4,099	5,659	4,099	5,659
Miscellaneous	11,652	2,053	11,652	2,053
Management charge	<u>25,270</u>	<u>-</u>	<u>25,270</u>	<u>19,170</u>
	<u>41,021</u>	<u>7,712</u>	<u>41,021</u>	<u>26,882</u>

**5. EXPENDITURE – OTHER DISCLOSURES**

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
<b>Charitable expenditure includes:</b>				
Auditors' remuneration:				
For audit services	13,663	15,463	13,210	11,163
Governors' liability insurance	<u>3,500</u>	<u>3,610</u>	<u>3,500</u>	<u>3,610</u>
<b>Total staff costs comprised:</b>				
Wages and salaries	3,010,658	2,788,314	2,911,538	2,688,124
Social security costs	210,856	187,916	202,961	187,916
Pension contributions	<u>179,290</u>	<u>159,885</u>	<u>176,844</u>	<u>157,042</u>
	<u>3,400,804</u>	<u>3,136,115</u>	<u>3,291,343</u>	<u>3,033,082</u>

The average number of employees in the year was 142 (2002 - 129) of which 80 (71) were teaching staff. Neither the governors nor persons connected with them received any remuneration, other benefits or reimbursement of expenses from the School or any connected organisation.

The number of higher paid employees was:

	2003 No.	2002 No.
£50,000 - £60,000	1	1
£60,000 - £70,000	2	-
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-



# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

### 6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other costs £	Depreciation £	Total £
<b>Charitable activities</b>				
Teaching	2,511,020	336,584	-	2,847,604
Welfare	166,878	100,864	-	267,742
Premises	281,125	328,142	46,841	656,108
Support costs	302,578	179,302	-	481,880
Management and administration	-	24,818	-	24,818
	<u>3,261,601</u>	<u>969,710</u>	<u>46,841</u>	<u>4,278,152</u>
<b>Costs of generating funds:</b>				
Financing costs	-	155,771	-	155,771
Development department costs	<u>29,742</u>	<u>30,942</u>	-	<u>60,684</u>
<b>Total for Company</b>	<b>3,291,343</b>	<b>1,156,423</b>	<b>46,841</b>	<b>4,494,607</b>
Trading costs of the subsidiary	<u>109,461</u>	<u>50,517</u>	<u>29,968</u>	<u>189,946</u>
<b>Total for Group</b>	<b><u>3,400,804</u></b>	<b><u>1,206,940</u></b>	<b><u>76,809</u></b>	<b><u>4,684,553</u></b>

### 7. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Equipment £	Company Total £	Subsidiary & Equipment £	Group Total £
<b>Cost</b>					
1 August 2002	7,608,716	174,999	7,783,715	89,914	7,873,629
Additions	3,695	-	3,695	-	3,695
Disposals	-	-	-	-	-
31 July 2003	<u>7,612,411</u>	<u>174,999</u>	<u>7,787,410</u>	<u>89,914</u>	<u>7,877,324</u>
<b>Depreciation</b>					
1 August 2002	99,437	36,746	136,183	30,193	166,376
Charge for year	37,947	8,894	46,841	29,968	76,809
Disposals	-	-	-	-	-
31 July 2003	<u>137,384</u>	<u>45,640</u>	<u>183,024</u>	<u>60,161</u>	<u>243,185</u>
<b>Net book values</b>					
31 July 2003	<u>7,475,027</u>	<u>129,359</u>	<u>7,604,386</u>	<u>29,753</u>	<u>7,634,139</u>
31 July 2002	<u>7,509,279</u>	<u>138,253</u>	<u>7,647,532</u>	<u>59,721</u>	<u>7,707,253</u>

The leasehold property was valued by James, Styles & Whitlock (Chartered Surveyors) at £5,090,000 on 27 July 1999.

The historical cost was £4,170,139. The School has followed the transitional provisions of FRS 15, whereby the valuation of the equipment has not been updated since it was valued by the directors at £50,000 on 29 September 1987. Additions during the year have been included at cost. The net book value of assets held on finance lease was £29,753 (2002: £59,493).

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2003

### 8. INVESTMENTS

The charity has a £1 investment in its wholly owned subsidiary, MCS Asset Management Limited. The results of that company are consolidated into these accounts.

### 9. DEBTORS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
School fees and trade debtors	248,362	327,290	241,199	325,291
Other debtors	12,438	21,941	12,263	21,942
Prepayments and accrued income	29,930	43,397	24,493	41,927
Owed by subsidiary – trading balance	-	-	30,484	-
Owed by subsidiary – loan	-	-	60,000	60,000
Owed by subsidiary – gift aid donation	-	-	26,856	-
	<u>290,730</u>	<u>392,628</u>	<u>395,295</u>	<u>449,158</u>

### 10. CREDITORS: Amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank overdraft	403,258	578,173	403,258	527,056
Bank loan	204,000	180,000	204,000	180,000
Accruals and deferred income	121,497	93,241	115,998	86,742
Trade creditors	69,918	89,228	69,621	88,463
Taxation and social security	-	67,207	-	64,840
Net obligations under finance leases	23,076	23,076	-	-
Deposits held	215,235	208,160	215,235	208,160
Amounts due to subsidiary company	-	-	-	3,395
Other creditors	110,851	146,812	99,289	120,926
Fees in advance	21,480	-	21,480	-
	<u>1,169,315</u>	<u>1,385,897</u>	<u>1,128,881</u>	<u>1,279,582</u>

The bank overdraft is secured on the School's short term bank deposits, the bank loan on an informal deposit of the lease of the School premises.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

11. CREDITORS: Amounts falling due after more than one year	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Bank loans	1,392,000	1,596,000	1,392,000	1,596,000
Net obligations under finance leases	17,159	40,240	-	-
Fees in advance	<u>63,152</u>	<u>-</u>	<u>63,152</u>	<u>-</u>
	<u>1,472,311</u>	<u>1,636,240</u>	<u>1,455,152</u>	<u>1,596,000</u>

### 12A RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 August 2002 £	Income £	Expended £	Balance at 31 July 2003 £
Master Fund	1,185	-	-	1,185
Dr. Winch Memorial Fund	30,330	51,627	529	81,428
Prize and other Funds	<u>31,583</u>	<u>20,261</u>	<u>3,778</u>	<u>48,066</u>
<b>Company and Group</b>	<b><u>63,098</u></b>	<b><u>71,888</u></b>	<b><u>4,307</u></b>	<b><u>130,679</u></b>

The Master Fund was set up for the use of the headmaster to achieve academic excellence at the school.

Dr. Winch Memorial Fund was a new fund in the previous year. It is to be used to create a new programme of bursary awards at the school.

Prize and other funds represent a number of individual prize funds and a mini bus fund set up by individual donors.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2003

### 12B UNRESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 August 2002 £	Income £	Expended £	Transfers	Balance at 31 July 2003 £
<b>Designated fund</b>	1,750	-	-	-	1,750
<b>Unrestricted fund</b>					
Income and Expenditure account	3,232,143	4,741,995	(4,494,607)	26,856	3,506,387
Revaluation reserve	<u>1,956,275</u>	-	(4,599)	-	<u>1,951,676</u>
<b>Company</b>	<b>5,190,168</b>	<b>4,741,995</b>	<b>(4,499,206)</b>	<b>-</b>	<b>5,459,813</b>
Non-charitable trading funds	<u>(58,602)</u>	<u>239,369</u>	<u>(189,946)</u>	<u>(26,856)</u>	<u>(36,035)</u>
<b>Group</b>	<b><u>5,131,566</u></b>	<b><u>4,981,364</u></b>	<b><u>(4,689,152)</u></b>	<b><u>-</u></b>	<b><u>5,423,778</u></b>

### 13. CONTRACTS AND COMMITMENTS

No capital expenditure had been contracted for at 31 July 2003

### 14. PENSION SCHEMES

The School participates in a multi employer defined benefits pension scheme, the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. As a result it is not possible or appropriate to identify the assets and liabilities of the Scheme, which are attributable to the school.

The last Report by the Government Actuary (GA) covered the period 1 April 1996 to 31 March 2001. The valuation statement as at 31 March 2001 made in March 2003 revealed that the total liabilities of the Scheme (the estimated cost of past and future service benefits of existing members) amounted to £142,880 million.

In accordance with the Teachers' Pension (Amendment) Regulations 2002, the actuarial review assumed that the value of the scheme assets equalled the value of the scheme liabilities at 31 March 2001. The scheme assets at 31 March 2001 consisted of future contributions in respect of existing members valued at £40,870 million and a balance of £102,010 million in the Teachers' Pension Account being a notional investment.

The actuarial review assumed that the real rate of return on the notional investment is 3.5% in excess of price increases and 2% in excess of general earnings increases, therefore assuming a rate of real earnings growth of 1.5%. The assumed long-term gross rate of return is 7%.

Following this report the standard contribution rate has been raised from 14.35% to 19.5% from 1 April 2003. 6% is to be paid by the teachers and the remaining 13.5% borne by the school.

The school also runs a scheme for its non-teaching staff, which is a defined contributions scheme.

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2003

#### 15. RECONCILIATION OF GROUP NET INCOMING RESOURCES TO NET CASH INFLOW FROM GROUP OPERATIONS

	£	2003 £	£	2002 £
Net Incoming resources		364,392		(96,582)
Non-operating cashflows eliminated:				
Financing costs	225,835		154,938	
Depreciation charges added back	76,809		83,622	
Decrease/(Increase) in debtors	101,898		(47,975)	
Increase/(decrease) in creditors	(30,195)		19,427	
Investment income	(1,835)		(2,251)	
		<u>372,512</u>		<u>207,761</u>
Net cash inflow from group operations		<u>736,904</u>		<u>111,179</u>

#### 16. ANALYSIS OF CHANGES IN NET CASH RESOURCES OF THE GROUP

	Cash £	Bank Overdraft £	Total £
Balance 1 August 2002	116,921	(578,173)	(461,252)
Net Cash inflow for the year	<u>154,293</u>	<u>174,915</u>	<u>329,208</u>
Balance 31 July 2003	<u>271,214</u>	<u>(403,258)</u>	<u>(132,044)</u>

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2003

	2003 £	2002 £
<b>Fees:</b>		
Tuition Fees	4,650,360	4,157,370
AP Remission	(52,260)	(62,080)
Governor's remissions	<u>(225,740)</u>	<u>(180,793)</u>
<b>Net Fee Income</b>	4,372,360	3,914,497
<b>Other Operating Income</b>		
Registration	17,241	10,705
Fee Insurance	4,099	5,659
Miscellaneous	11,891	2,053
Lunch Tickets	151,391	149,626
Tuck Shop	1,407	2,637
Music Lessons	74,506	72,885
<b>Trading Income</b>		
MCS AML	25,270	27,670
Deed of covenant from MCS AML	26,856	-
<b>Voluntary Income</b>		
MCS 2000	70,473	67,890
<b>Development Income</b>	13,596	3,105
89 Appeal		
<b>Investment Income</b>		
Bank Interest	(239)	1,245
Restricted Funds	71,888	37,038
<b>Other Income</b>	<u>468,379</u>	<u>380,516</u>
<b>Costs</b>		
<b>Teaching Costs</b>		
Teachers Salaries	2,287,885	2,112,995
Music Staff Salaries	103,248	80,825
Lab Techs/CCF Salaries	119,887	125,198
Departments	152,171	153,828
Games	74,271	100,419
Library	6,892	5,873
Other Resources	111,664	177,797
Activity Accounts	(445)	-
Sundry 800 Accounts	(7,969)	1,776
<b>Teaching Costs</b>	<u>2,847,604</u>	<u>2,758,712</u>
<b>Welfare Costs</b>		
Welfare Staff Salaries	26,759	24,979
Catering Staff Salaries	140,119	122,803
Catering	96,566	142,182
Laundry	1,268	1,219
Medical Supplies	3,029	2,855
<b>Welfare Costs</b>	<u>267,741</u>	<u>294,037</u>

These pages do not form part of the statutory accounts

# MAGDALEN COLLEGE SCHOOL OXFORD LIMITED

## DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2003

	2003 £	2002 £
<b>Premises Costs</b>		
Maintenance Staff Salaries	75,464	60,581
Equipment	1,807	25,623
Depreciation – Equipment	8,891	
Property	126,626	148,118
Kitchen	14,306	4,680
Depreciation – Property	37,949	
Rent	3,855	3,874
Rates	22,895	32,058
Electricity	47,706	84,657
Gas	38,629	27,951
<b>Cleaning Costs</b>		
Contract Cleaning	28,116	33,419
Cleaners Salaries	100,926	93,234
Lettings		12,349
<b>Grounds Costs</b>		
Grounds	44,203	35,393
Grounds Staff Costs	104,735	103,592
	<u>656,108</u>	<u>665,530</u>
<b>Support Costs</b>		
Support Staff Salaries	302,578	263,793
Advertising	13,114	35,067
Appointment Expenses	8,910	14,110
Relocation Expenses	4,400	3,500
Sabbaticals		25,000
Staff Development	12,407	17,903
Travel	4,553	4,733
DIS Staff Insurance	3,979	2,472
Insurance	36,151	22,208
Postage & Stationery	22,207	19,843
Telephones	22,238	22,047
Miscellaneous	27,942	17,901
Contingency	23,401	
Accruals	<u>481,880</u>	<u>448,577</u>
<b>Management &amp; Admin Costs</b>		
Audit	13,210	15,205
Other Professional Fees	8,108	7,796
Governor's Liability Insurance	3,500	
	<u>24,818</u>	<u>23,002</u>
<b>Finance Costs</b>		
Loan Interest	137,304	151,104
Bank Charges	18,468	11,880
Development Costs	60,468	9,418
Bad debts written back	-	(20,000)
Restricted expenditure	4,307	16,430
	<u>220,547</u>	<u>168,833</u>
<b>Operating Surplus</b>	<u>342,041</u>	<u>63,677</u>

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