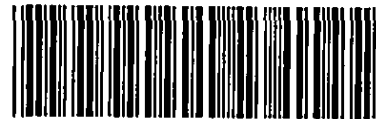


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Report of the Directors and  
Financial Statements for the Year Ended 30 April 2006  
for  
The Ryes School Limited

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The Ryes School Limited

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for the Year Ended 30 April 2006

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The Ryes School Limited

Company Information  
for the Year Ended 30 April 2006

**DIRECTORS**

Ms L L Giles  
T T Friedag  
Ms J B Clarke  
M E Carter  
Ms C A Triggs  
C Tanner

**SECRETARY**

M E Carter

**REGISTERED OFFICE**

Central Offices  
Hadleigh Enterprise Park  
Crockatt Road  
Hadleigh  
Suffolk  
IP7 6RD

**REGISTERED NUMBER**

02107585 (England and Wales)

**AUDITORS**

Clarke & Co  
Registered Auditors and Accountants  
12 North Hill  
Colchester  
Essex  
CO1 1AS

**SECRETARY**

M E Carter

## The Ryes School Limited

### Report of the Directors for the Year Ended 30 April 2006

The directors present their report with the financial statements of the company for the year ended 30 April 2006

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of operating a residential school

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

2005/06 was another difficult year, principally due to the difficulties experienced in maintaining student numbers. Since the balance sheet date, the Directors of RSO Limited, the parent company, have made the decision to dispose of Kesgrave Hall, thus reducing the overall level of gearing within the Group. The property is currently being marketed. The challenge facing the Company is to raise student numbers. The Directors believe that this in conjunction with the reduction in overall debt which will be realised once Kesgrave Hall is sold will enable the Group to return to profitability.

#### **DIVIDENDS**

An interim dividend of £5.46 per share was paid on 30 April 2006. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 April 2006 will be £546,000.

#### **FUTURE DEVELOPMENTS**

These are outlined above within the review of the business.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 May 2005 to the date of this report.

Other changes in directors holding office are as follows:

T T Friedag - resigned 12 September 2005  
J R Pester - resigned 18 August 2005  
Ms J B Clarke - resigned 18 August 2005  
Ms C A Triggs - resigned 18 August 2005  
J Giles - resigned 12 September 2005  
Ms L L Giles - appointed 1 September 2005

T T Friedag, Ms J B Clarke, M E Carter, Ms C A Triggs, C Tanner was appointed as a director after 30 April 2006 but prior to the date of this report.

L A Hunt ceased to be a director after 30 April 2006 but prior to the date of this report.

The directors who acted during the year and their interests in the shares of the holding company at the end of the financial year were:

Ordinary £1 shares	30 04 06 £	30 04 05 £
T Friedag	83,056	65,000
C Triggs	51,111	40,000
L Hunt	38,333	30,000
J Clarke	31,944	25,000
J Giles	25,556	20,000
J Pester	20,000	20,000

#### **STAFF POLICIES**

The school employs its own extensive training school and meets the requirements of CSCI and OFSTED with regard to the continual training and development of all staff. The company continually reviews its policy regarding compliance with the DDA.

The company operates a comprehensive staff liaison and advisory programme to ensure that staff are fully aware of developments within the school.

The Ryes School Limited

Report of the Directors  
for the Year Ended 30 April 2006

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Clarke & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



M E Carter - Secretary

Date 12.5.07

Report of the Independent Auditors to the Shareholders of  
The Ryes School Limited

We have audited the financial statements of The Ryes School Limited for the year ended 30 April 2006 on pages five to fifteen. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements 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 financial statements 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 Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the 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 other transactions is not disclosed.

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

**Basis of audit opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 23 to the financial statements concerning the company's banking facilities. In view of the significance of this we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Clarke & Co  
Registered Auditors and Accountants  
12 North Hill  
Colchester  
Essex  
CO1 1AS



Date

17 May 2007

The Ryes School Limited

Profit and Loss Account  
for the Year Ended 30 April 2006

	Notes	30 4 06 £	30 4 05 £
<b>TURNOVER</b>		7,078,816	5,929,637
Cost of sales		4,846,243	3,881,058
<b>GROSS PROFIT</b>		2,232,573	2,048,579
Administrative expenses		2,006,263	1,984,898
		226,310	63,681
Other operating income		31,301	1,725
<b>OPERATING PROFIT</b>	3	257,611	65,406
Interest receivable and similar income		4,748	11,212
		262,359	76,618
Interest payable and similar charges	4	13,695	3,643
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		248,664	72,975
Tax on profit on ordinary activities	5	(3,319)	714
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		251,983	72,261

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

The Ryes School Limited

Balance Sheet

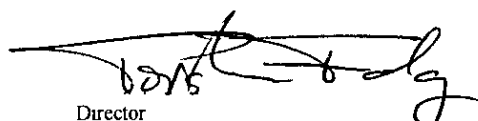
30 April 2006

	Notes	30 4 06 £	£	30 4 05 £	£
<b>FIXED ASSETS</b>					
Tangible assets	7		2,922,115		2,989,802
<b>CURRENT ASSETS</b>					
Stocks	8	23,692		2,778	
Debtors	9	2,736,163		2,320,626	
Cash at bank and in hand		11,412		199,168	
		2,771,267		2,522,572	
<b>CREDITORS</b>					
Amounts falling due within one year	10	3,174,397		2,634,076	
<b>NET CURRENT LIABILITIES</b>			(403,130)		(111,504)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,518,985		2,878,298
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		(4,295)		(20,722)
<b>PROVISIONS FOR LIABILITIES</b>	14		-		(48,869)
<b>NET ASSETS</b>			2,514,690		2,808,707
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		100,000		100,000
Share premium	16		2,032,649		2,032,649
Profit and loss account	16		382,041		676,058
<b>SHAREHOLDERS' FUNDS</b>	22		2,514,690		2,808,707

The financial statements were approved by the Board of Directors on  
by

14.8.07

and were signed on its behalf



Director

The notes form part of these financial statements



The Ryes School Limited

Cash Flow Statement  
for the Year Ended 30 April 2006

	Notes	30 4 06 £	£	30 4 05 £	£
<b>Net cash inflow from operating activities</b>	1		220,694		745,463
<b>Returns on investments and servicing of finance</b>	2		(8,947)		7,569
<b>Taxation</b>			52,188		(3,596)
<b>Capital expenditure</b>	2		(81,145)		73,781
<b>Equity dividends paid</b>			(546,000)		-
			(363,210)		823,217
<b>Financing</b>	2		89,833		(1,079,905)
<b>Decrease in cash in the period</b>			<u>(273,377)</u>		<u>(256,688)</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net funds</b>	3				
Decrease in cash in the period		(273,377)		(256,688)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>24,471</u>		<u>(7,018)</u>	
Change in net funds resulting from cash flows			<u>(248,906)</u>		<u>(263,706)</u>
<b>Movement in net funds in the period</b>			<u>(248,906)</u>		<u>(263,706)</u>
<b>Net funds at 1 May</b>			<u>153,974</u>		<u>417,680</u>
<b>Net (debt)/funds at 30 April</b>			<u><u>(94,932)</u></u>		<u><u>153,974</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 30 April 2006

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30 4 06	30 4 05
	£	£
Operating profit	257,611	65,406
Depreciation charges	126,982	131,213
Loss/(Profit) on disposal of fixed assets	21,852	(114,303)
Increase in stocks	(20,914)	(54)
(Increase)/Decrease in debtors	(568,667)	217,358
Increase in creditors	403,830	445,843
<b>Net cash inflow from operating activities</b>	<b>220,694</b>	<b>745,463</b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	30 4 06	30 4 05
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	4,748	11,212
Interest paid	(10,150)	(230)
Interest element of hire purchase payments	(3,545)	(3,413)
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b>(8,947)</b>	<b>7,569</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(85,903)	(218,258)
Sale of tangible fixed assets	4,758	292,039
<b>Net cash (outflow)/inflow for capital expenditure</b>	<b>(81,145)</b>	<b>73,781</b>
<b>Financing</b>		
Capital repayments in year	(24,471)	7,018
Loans to group members	114,304	(1,086,923)
<b>Net cash inflow/(outflow) from financing</b>	<b>89,833</b>	<b>(1,079,905)</b>

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 5 05	Cash flow	At
	£	£	30 4 06
			£
<b>Net cash</b>			
Cash at bank and in hand	199,168	(187,756)	11,412
Bank overdraft	-	(85,621)	(85,621)
	<u>199,168</u>	<u>(273,377)</u>	<u>(74,209)</u>
<b>Debt</b>			
Hire purchase	(45,194)	24,471	(20,723)
	<u>(45,194)</u>	<u>24,471</u>	<u>(20,723)</u>
<b>Total</b>	<u>153,974</u>	<u>(248,906)</u>	<u>(94,932)</u>

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 30 April 2006

**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Freehold property	- 1% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Fixed assets are depreciated from the month of purchase, or in the case of properties, the month that they are brought into use

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**2 STAFF COSTS**

	30 4 06	30 4 05
	£	£
Wages and salaries	4,866,844	4,336,240
Social security costs	17,416	34,739
Other pension costs	126,024	92,205
	<u>5,010,284</u>	<u>4,463,184</u>

The Ryes School Limited

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2006

**2 STAFF COSTS - continued**

The average monthly number of employees during the year was as follows

	30 4 06	30 4 05
Education and care	188	206
Administration	43	47
	<u>231</u>	<u>253</u>

Included within wages are redundancies of £44,388

**3 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	30 4 06	30 4 05
	£	£
Hire of plant and machinery	7,251	8,108
Depreciation - owned assets	114,458	119,226
Depreciation - assets on hire purchase contracts	12,525	11,987
Loss/(Profit) on disposal of fixed assets	21,852	(114,303)
Auditors' remuneration	6,903	6,439
Foreign exchange differences	1,822	(1,725)
	<u>162,681</u>	<u>289,933</u>
Directors' emoluments	9,176	15,535
Directors' pension contributions to money purchase schemes		

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>8</u>	<u>6</u>
------------------------	----------	----------

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	30 4 06	30 4 05
	£	£
Bank interest	5,467	230
Bank loan interest	4,683	-
Hire purchase	3,545	3,413
	<u>13,695</u>	<u>3,643</u>

**5 TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows

	30 4 06	30 4 05
	£	£
Current tax		
UK corporation tax	-	(1,232)
Underprovision in prior years	(3,319)	1,946
	<u>(3,319)</u>	<u>714</u>
Tax on profit on ordinary activities		

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2006

5 **TAXATION - continued**

**Factors affecting the tax (credit)/charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	30 4 06 £	30 4 05 £
Profit on ordinary activities before tax	248,664	72,975
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 19%)	47,246	13,865
Effects of		
Prior year taxation	(3,319)	1,946
Group relief received	(47,246)	(15,097)
Current tax (credit)/charge	(3,319)	714

6 **DIVIDENDS**

	30 4 06 £	30 4 05 £
Ordinary shares of £1 each		
Interim dividends ordinary shares	546,000	500,000

7 **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 May 2005	2,721,820	464,081	168,631	99,465	3,453,997
Additions	3,583	30,029	26,357	25,934	85,903
Disposals	-	(808)	-	(56,465)	(57,273)
At 30 April 2006	2,725,403	493,302	194,988	68,934	3,482,627
<b>DEPRECIATION</b>					
At 1 May 2005	185,377	164,579	64,901	49,335	464,192
Charge for year	27,255	63,952	24,726	11,050	126,983
Eliminated on disposal	-	-	-	(30,663)	(30,663)
At 30 April 2006	212,632	228,531	89,627	29,722	560,512
<b>NET BOOK VALUE</b>					
At 30 April 2006	2,512,771	264,771	105,361	39,212	2,922,115
At 30 April 2005	2,536,443	299,502	103,730	50,130	2,989,805

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2006

7 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 May 2005			
and 30 April 2006	72,825	7,600	80,425
<b>DEPRECIATION</b>			
At 1 May 2005	16,141	2,850	18,991
Charge for year	11,337	1,188	12,525
At 30 April 2006	27,478	4,038	31,516
<b>NET BOOK VALUE</b>			
At 30 April 2006	45,347	3,562	48,909
At 30 April 2005	56,684	4,750	61,434

8 STOCKS

	30 4 06 £	30 4 05 £
Stocks	3,692	2,778
Work-in-progress	20,000	-
	23,692	2,778

9 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 4 06 £	30 4 05 £
Trade debtors	1,097,806	604,231
Amounts owed by group undertakings	1,500,082	1,651,980
Other debtors	63,711	14,363
Tax	-	1,232
Prepayments and accrued income	74,564	48,820
	2,736,163	2,320,626

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 4 06 £	30 4 05 £
Bank loans and overdrafts (see note 12)	85,621	-
Hire purchase contracts (see note 13)	16,428	24,472
Trade creditors	219,999	163,301
Amounts owed to group undertakings	30,774	19,497
Tax	47,457	(180)
Social security and other taxes	172,349	117,643
Other creditors	24,466	18,866
Fees in advance	2,429,047	2,088,000
Accrued expenses	148,256	202,477
	3,174,397	2,634,076

11 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 4 06 £	30 4 05 £
Hire purchase contracts (see note 13)	4,295	20,722

The Ryes School Limited

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2006

**12 LOANS**

An analysis of the maturity of loans is given below

	30 4 06 £	30 4 05 £
Amounts falling due within one year or on demand		
Bank overdrafts	85,621	-

**13 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	30 4 06 £	30 4 05 £
Gross obligations repayable		
Within one year	18,648	28,006
Between one and five years	4,782	23,429
	<u>23,430</u>	<u>51,435</u>
Finance charges repayable		
Within one year	2,220	3,534
Between one and five years	487	2,707
	<u>2,707</u>	<u>6,241</u>
Net obligations repayable		
Within one year	16,428	24,472
Between one and five years	4,295	20,722
	<u>20,723</u>	<u>45,194</u>

**14 PROVISIONS FOR LIABILITIES**

	30 4 06 £	30 4 05 £
Deferred tax	-	48,869
		Deferred tax
		£
Balance at 1 May 2005		48,869
Timing differences		(48,869)
Change in rate of taxation		
Balance at 30 April 2006		-

**15 CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid			30 4 06	30 4 05
Number	Class	Nominal value	£	£
100,000	Ordinary	£1	100,000	100,000

The Ryes School Limited

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2006

16 **RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1 May 2005	676,058	2,032,649	2,708,707
Profit for the year	251,983		251,983
Dividends	(546,000)		(546,000)
	<hr/>	<hr/>	<hr/>
At 30 April 2006	382,041	2,032,649	2,414,690
	<hr/>	<hr/>	<hr/>

17 **ULTIMATE PARENT COMPANY**

The ultimate parent company is RSO Limited a company registered in England and Wales

The largest and smallest group of undertakings, of which the company is a member is RSO Limited

18 **CAPITAL COMMITMENTS**

	30 4 06 £	30 4 05 £
Contracted but not provided for in the financial statements	36,600	-
	<hr/>	<hr/>

19 **TRANSACTIONS WITH DIRECTORS**

The following loan to directors subsisted during the years ended 30 April 2006 and 30 April 2005

	30 4 06 £	30 4 05 £
<b>J R Pester</b>		
Balance outstanding at start of year	3,273	-
Balance outstanding at end of year	-	3,273
Maximum balance outstanding during year	5,673	5,673
	<hr/>	<hr/>

20 **RELATED PARTY DISCLOSURES**

At the 30 April 2006 the company was owed £2,042,482 (2005 £2,147,546) by its parent RSO Limited

The company was owed or owed the following amounts to other members of the RSO group of companies

	2006 £	2005 £
Kesgrave Enterprises Limited	-30,774	-19,497
RSO Training Limited	3,611	4,434

21 **ULTIMATE CONTROLLING PARTY**

The parent company RSO Limited is controlled by the directors of The Ryes School Limited



The Ryes School Limited

Notes to the Financial Statements - continued  
for the Year Ended 30 April 2006

**22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	30 4 06	30 4 05
	£	£
Profit for the financial year	251,983	72,261
Dividends	(546,000)	(500,000)
	<hr/>	<hr/>
Net reduction of shareholders' funds	(294,017)	(427,739)
Opening shareholders' funds	2,808,707	3,236,446
	<hr/>	<hr/>
Closing shareholders' funds	2,514,690	2,808,707
	<hr/>	<hr/>
Equity interests	2,514,690	2,808,707
	<hr/>	<hr/>

**23 GOING CONCERN**

Subsequent to the balance sheet date, the company's Bankers have recommended to the directors that they seek additional financing to reduce gearing. Whilst this process is underway, the Bank has indicated its willingness to continue its support. The accounts have been prepared on the going concern basis accordingly.