

COMPANY NO. 2829156

MANOR LODGE SCHOOL

A Company Limited by Guarantee

GOVERNORS' ANNUAL REPORT INCLUDING
THE STRATEGIC REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2015

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MANOR LODGE SCHOOL
A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2015

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GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The Board of Governors present their annual report for the year ended 31 August 2015 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and the Statement of Recommended Practice, "Accounting and Reporting by Charities" (The Charities SORP 2005).

REFERENCE AND ADMINISTRATIVE INFORMATION

Manor Lodge School Limited (the Company) was incorporated as a company on 22 June 1993 and commenced activities on 19 November 1993. The Company changed its name from Forestpost Limited to Manor Lodge School Limited on 4 May 1995, and arranged pursuant to Section 60(1) (a) of the Companies Act 2006 to have the word "Limited" omitted from the Company name. The School registered as a Charity with the Charity Commissioners on 25 August 1995, number 1048874.

The Registered Office and principal address of the Company is at Manor Lodge School, Rectory Lane, Ridge Hill, Shenley, Radlett, Hertfordshire WD7 9BG. Its registered company number is 2829156.

Governors

The Governors of the School, who are also Directors of the Company and the Charity Trustees, during the year were:

Mr D Arnold MBE #	(Chairman)	Mr A Phipps #
Mrs R Adams # @	(resigned 22 June 2015)	Dr R L Shafran * (appointed 21 November 2014)
Mr G Black #		Mr D Swanson *
Mr M Cherry #		Mr A Williams *
Mrs J L Crighton *		Mr S Wilson *
Mrs H Gunasekera *		

Member of Finance and General Purposes Committee

@ Member of Health and Safety Committee

* Member of Education Committee

Key Executives and professional advisors

The Head	Mr G Dunn CertEd
Deputy Head	Mrs A Lobo BEd(Hons)
The Bursar, Company Secretary & Clerk to the Governors	Mrs A Ridler BSc(Hons) CMgr MCMI
Bankers	Barclays Bank plc, 22-24 Upper Marlborough Road, St Albans AL1 3AL National Westminster Bank plc, 2 nd Floor Building 1, Centrium, Griffiths Way, St Albans, AL1 2RD
Solicitors	Debenhams Ottaway, Ivy House, 107 St. Peter's Street, St. Albans, Hertfordshire AL1 3EW Boyes Sutton & Perry, 20 Wood Street, Barnet, Hertfordshire, EN5 4BJ Taylor Walton LLP, 28-44 Alma Street, Luton, Bedfordshire, LU1 2PL
Auditors	Knight Wheeler Limited, Statutory Auditor, Chartered Accountants, 54 Sun Street, Waltham Abbey, Essex EN9 1EJ
Insurance Brokers	Marsh Limited, Education Practice, Capital House, 1-5 Perrymount Road, Haywards Heath, West Sussex RH16 3SY

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles of Association, originally drawn up on 1 June 1993 and last amended on 14 March 2002.

Governing Body

The Governors, who are also required under the Articles to serve as Directors of the Company and Trustees of the Charity, are elected at a full general meeting.

Governors are appointed for a term of three years. They can be re-elected.

Induction, Recruitment and Training of Governors

Potential Governors are identified by recommendation from existing Governors or from the Head. They are considered by the Board on the basis of professional or business experience, specialist skills and personal competence.

New Governors are inducted into the workings of the company as a school and also as a registered charity, including its Board Policy and Procedures. All Governors receive a copy of the AGBIS publication 'Guidelines for Governors' as well as a comprehensive Governors Manual which highlights their legal responsibilities. Further information is provided by the Chair of Governors, Head and Bursar, as necessary.

Training opportunities are regularly publicised to and taken up by the Governors.

Organisational structure

The Governors meet as a Board at least once a term to determine the general policy of the School and to review its overall management and control, for which they are legally responsible. The implementation of most of the Board's policies is carried out by the Finance and General Purposes Committee (chaired by Mr A Phipps) and the Education Committee (chaired by Mr D Swanson). These Committees meet at least once a term, prior to the full Governors' Meeting, to review the budget, monthly management accounts, annual report and accounts and all other relevant matters. The Health and Safety Committee (chaired by Mrs R Adams) reviews the School's work and leisure practices and monitors Risk Assessments.

The day to day management of the School is delegated to the Head and the Bursar, supported by other members of the senior management team.

Relationships with connected parties and affiliated bodies

The School is a member of the Independent Association of Prep Schools (IAPS), the professional association for Heads and Deputy Heads of the leading 600 independent prep schools in the UK and worldwide. Teaching members of the senior management team regularly attend discussion forums with their peers from other preparatory schools in the area in order to enhance the quality and scope of the lessons given within the School.

The School is also a member of the Association of Governing Bodies of Independent Schools (AGBIS), which provides governance advice, and the Independent Schools' Bursars Association (ISBA), which promotes the efficient and effective management of the non-academic aspects of independent schools.

Pupils regularly support other charities, for example by raising funds and goods through collections at Harvest Festival assemblies, House Cake sales and Christmas appeals to support a number of local charities including the local RSPCA sanctuary, a local Hospice, a local Family Centre and a major charity chosen by pupils each academic year. In 2014/15 this was Teens Unite Fighting Cancer, a local charity dedicated to improving the lives of young people with cancer and other life limiting illnesses. The children also raised over £2,600 toward the DEC Nepal Appeal. These initiatives are educational and give pupils an awareness of life outside the school community.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The School has registered as an Eco-School, and has become part of an international group of schools working towards education for sustainable development and a better quality of life for local and global communities. The Eco-School scheme provides a framework to enable analysis of operations and assists the School to become a more sustainable community. By following this programme the School will become a more stimulating place in which to learn, whilst reducing the environmental impact on the community. The children's involvement is the key part of the programme and to this end they have been involved right from the start in activities such as producing ideas for projects: recycling, reducing and re-using waste; decision making; monitoring and action planning. The School once again successfully renewed its Eco-Schools Green Flag award in November 2015.

OBJECTS, PUBLIC BENEFIT AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Company, in accordance with its Memorandum of Association, are to advance education in particular by establishing and carrying on in Great Britain (and any other countries) schools at or by means of which students may obtain education and instruction in all subjects whatsoever that may be included in a commercial, technical, scientific, classical or academic education, or may be conducive to knowledge of or skill in any trade, pursuant or calling. In the furtherance of these objects the Governors, as the Charity Trustees, have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

Principal Activity

The principal activity of the School continues to be the provision of education for children aged between 3 and 11. The School is set in an attractive 11 acre site within easy reach of the M25, St Albans, Potters Bar, Cuffley, Radlett, Elstree, Stanmore, Edgware, and most other parts of north-west London.

School Aims

The Board is responsible for setting a strategy for achieving the School's objectives. As a charitable independent school, the strategic aim is the attainment of the highest academic levels. The School's aim is to draw out pupils' abilities and academic potential, to assist them to develop wider interests in life and to motivate them for a successful outcome at their chosen senior school. The School's bursary and admissions policies enable wide access to this education and the facilities by helping lower income or otherwise disadvantaged families to benefit if they cannot afford the School's standard fees.

The School's specific aims are:

1. To provide excellent teaching and learning opportunities within a caring environment in which high standards of behaviour and good manners are encouraged and expected.
2. To ensure that all pupils achieve their full potential and are prepared for entry to the secondary school of their choice, appropriate to their potential.
3. To develop and deliver a broad and balanced curriculum enhancing as far as possible the standards set by the National Curriculum.
4. To encourage tolerance of different cultures and to encourage moral and spiritual development through an awareness of the needs of the wider world.
5. To encourage and nurture a wide range of extra-curricular activities, including Sports, Music and the Arts.
6. To encourage communication with a friendly family atmosphere, thereby creating an effective partnership between staff, parents and children to promote the development of the School.
7. To foster staff development, confidence, support and enthusiasm through a variety of relevant opportunities.

The School is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment.

Objectives and strategies for the year

The Board's main objective continues to be the promotion of high academic standards combined with financial prudence. The strategy for achieving this is to maintain good teacher-to-pupil ratios and to provide the resources deemed necessary by the Head, senior management team and Education Committee.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

OFFICERS' LIABILITY INSURANCE

The company maintains insurance policies on behalf of all the Governors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors, as Directors of the Company for the purposes of company law, are responsible for preparing the Governors' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that Knight Wheeler & Co be re-appointed as auditors to the company will be put to the Annual General Meeting.

STRATEGIC REPORT SECTION

FOR THE YEAR ENDED 31 AUGUST 2015

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the School

The number of children attending the School was slightly above budget, with 406 pupils on roll in the main School at the academic year end and 31 in the Nursery. There was a substantial waiting list for most year groups.

Academic results were again extremely good. All Year 6 pupils moved forward to the secondary schools of their choice, both independent and state schools. A new record number of 36 scholarships were awarded to Year 6 pupils by senior schools: mostly academic, along with music and sports awards.

The School was inspected by the Independent Schools' Inspectorate (ISI) in June 2015 and received a highly satisfactory report, with all of the School's activities being rated "excellent". The inspectors reported that "the school is extremely successful in meeting its aims".

These achievements were greatly assisted by the high quality teaching staff the School has been able to retain and recruit in the face of intense competition for this increasingly scarce resource from other schools in the locality.

The building of the new Basil Flashman Centre was completed during the year ready for use in September 2015. The building comprises a dual-purpose sports hall and theatre, seven classrooms and four music practice rooms and will be a wonderful addition to the School's facilities. The building has also allowed the school to further enhance its existing facilities, for example, by reorganising space to create a permanent dedicated science room, to help pupils investigate and develop their own ideas. In addition, a brand new multi-use games area was constructed over the summer and will be in use every day for sports, after-school clubs and as an extra play area for the children at break and lunchtime.

Bursaries and public benefit

The Governors have given due consideration to the Charity Commission's guidance on public benefit. It is important to the School that access is not restricted to those who can afford the fees. The Bursary Policy contributes to a widening of access to the education the School offers and the facilities available. The Governors continue to review the School's Bursary policy to ensure that able children are able to accept places offered at the School even if they are unable to afford the fees, and the policy is publicised on the School's website.

Bursary awards are available to new entrants who meet the School's entry criteria and also to existing pupils, on the basis of parental means or to relieve hardship. In assessing means, a number of factors are taken into consideration, including family income, savings, investments and family circumstances. However, the School does not have an endowment fund so must also ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their children's education, and those benefitting from the awards.

During the year 30 pupils benefited from the staff fee reduction scheme, multi-children discounts and bursaries, the last calculated on a means-tested basis. Such benefits reduced annual fee income by just over £134,000. Of this amount, bursaries totaling over £101,000 supported 10 pupils by the remission in part or in full of their fees. Bursary awards ranged from 75% to 100% remission of fees. In some cases, extra-curricular activities and school lunches are also supported by a bursary. Means-tested bursaries are reviewed annually and represented 2.3% of the School's gross fee income in the 2014/15 year.

The School makes its premises and facilities available to local organisations free or at a modest cost, for example hosting a community choir, annual chess tournament and weekly fitness class. The new building will help the School to expand this offer in future.

The School is developing links with local state primary schools, for example hosting an annual football tournament and giving free tickets to its annual Year 6 production. Work experience placements are offered to pupils at local senior schools.

Volunteers

A Parents' Committee meets regularly to organise and run social activities in order to raise funds for the promotion of the School. In the year under review almost £5,000 was raised in this manner. The School also has volunteers who listen to children reading and assist in the Nursery. The Board would like to take this opportunity to express its appreciation for this valuable and continuing support.

STRATEGIC REPORT SECTION

FOR THE YEAR ENDED 31 AUGUST 2015

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Company's net income for the year of £425,331 (2014: £524,606) is set out in the statement of financial activities.

Reserves

Note 12 to the financial statements shows the assets and liabilities attributable to the various funds by type. The statement of financial activities summarises the movements on each fund. At the year end, unrestricted funds amounted to £6,150,353.

It will be some years before the bank loans are repaid and the School has funds available to be maintained in appropriate cash reserves. Once this position arises the Board has concluded that, to allow the School to be managed efficiently and to provide a buffer for uninterrupted services, a general cash reserve that equates to six months of overhead expenditure should be built up and maintained.

The designated fund of £1,000,000 for future building development costs has now been eliminated by transfer to other non-designated funds, following the practical completion of the sports hall building project (the Basil Flashman Centre) during the accounting year.

Capital Expenditure

The need to maintain and enhance the infrastructure of the School resulted in capital expenditure for the year of £2,984,570 as summarised in Note 8 to the accounts. This included expenditure on the Basil Flashman Centre.

Investment Policy

The company has full powers of investment of its corporate reserves. The Board continues to keep under review the investment risks and rewards in the current state of the market and take professional advice as necessary. The School's policy is still to put all available retained funds, other than those required for day-to-day cash management, in as high interest yielding bank accounts as possible. The status of the account provider and accessibility to the funds are also key considerations in any investment decision.

FUTURE PLANS

The School plans to build on the success of the 2015 ISI inspection, maintaining excellent standards whilst implementing the two recommendations set out in the report.

The School has taken a long lease over adjacent land at Shenley Lodge Farm and plans to develop that land to suit the School's future needs.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the School are as follows:

External economic factors and the sustainability of fee increases

The School relies on parents' ability to pay fees as its main source of income. There is a risk that external economic factors reduce parents' ability to pay fees or result in parents withdrawing pupils due to fee levels.

Impact of government legislation

Changes in government legislation, for example charity law and guidance, may impact on the School's status and operation. The School must be able to adapt to such changes practically and efficiently.

Reputational risk and nearby schools opening extra classes or changing structure

The continuing success of the School is dependent on continuing to attract applicants by maintaining high academic standards.

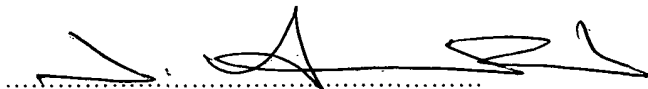
The rising costs of maintaining the fabric of the school, in particular the listed building

Repairs and maintenance costs are a major component of the School's expenditure every year. The main school building is Grade II listed and approaching three hundred years old. Although the School maintains a rolling programme of redecoration and refurbishment, the historic trend shows that major repair expenditure is incurred periodically.

Risk Management

The Board of Governors continues to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time as well as the systems and procedures established to manage them. They monitor the effectiveness of the system of internal controls and other viable means, including insurance cover where appropriate, by which those risks already identified can best be mitigated.

The Governor's Annual Report including the section containing the Strategic Report has been approved by the Board of Governors on 10 March 2016 and signed on its behalf by:



Mr D Arnold MBE
Chairman

Rectory Lane
Ridge Hill
Shenley
Radlett
Hertfordshire
WD7 9BG

TO THE MEMBERS OF MANOR LODGE SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANOR LODGE SCHOOL

We have audited the Financial Statements of Manor Lodge School for the year ended 31st August 2015 on pages 10 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and Auditor

As explained more fully in the Governors' Responsibilities Statement set out on page 4, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements are sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

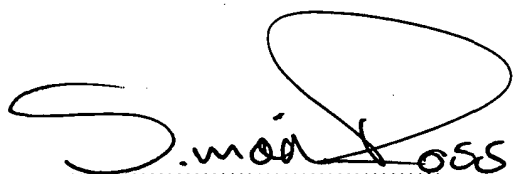
TO THE MEMBERS OF MANOR LODGE SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2015

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Simon Ross BSc FCA
(Senior Statutory Auditor)
For and on behalf of
Knight Wheeler Limited
Statutory Auditor
Chartered Accountants
54 Sun Street
Waltham Abbey
Essex
EN9 1EJ

10 March 2016
Date

STATEMENT OF FINANCIAL ACTIVITIES
(including an Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Total (Unrestricted) 2015 £	2014 £
INCOMING RESOURCES			
Incoming resources from generated funds:			
Activities for generating funds			
Fund-raising events		(1,092)	6,058
Investment income		10,184	11,435
Incoming resources from charitable activities:			
School fees receivable		4,201,889	3,999,864
Clubs, school lunches & other activities		285,452	282,469
Registration fees		10,650	8,800
Total Incoming Resources		4,507,083	4,308,626
RESOURCES EXPENDED			
Charitable Expenditure			
Cost of generating funds	3	46,234	20,648
Charitable activities	3	4,025,918	3,750,172
Governance costs	3	9,600	13,200
Total Resources Expended		4,081,752	3,784,020
NET INCOMING RESOURCES FOR THE YEAR			
		425,331	524,606
BALANCES BROUGHT FORWARD			
		5,725,022	5,200,416
BALANCES CARRIED FORWARD			
	11	6,150,353	5,725,022

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The attached notes form part of these financial statements.

BALANCE SHEET

AS AT 31 AUGUST 2015

		2015		2014	
	Notes	£	£	£	£
TANGIBLE FIXED ASSETS	8		8,214,082		5,557,455
CURRENT ASSETS					
Debtors	9	94,774		75,709	
Cash at Bank and in hand		944,596		2,009,238	
			1,039,370		2,084,947
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	10	1,315,115		977,915	
NET CURRENT LIABILITIES/(ASSETS)			(275,745)		1,107,032
TOTAL ASSETS LESS CURRENT LIABILITIES			7,938,337		6,664,487
CREDITORS: Amounts falling due after more than one year	10		1,787,984		939,465
TOTAL NET ASSETS			6,150,353		5,725,022
FUNDS					
Unrestricted funds					
General funds	11		6,150,353		4,725,022
Designated funds	11		-		1,000,000
TOTAL FUNDS			6,150,353		5,725,022

Approved by the Board of Governors on 10 March 2016 and signed on its behalf by:



Mr D Arnold MBE
Chairman

The attached notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	2015	2014
		£	£
Net cash inflow			
From operating activities	1	1,042,381	1,142,995
Returns on investments and servicing of finance	2	(36,050)	(9,213)
Capital expenditure	2	(2,975,345)	(902,435)
		<u>(1,969,014)</u>	<u>231,347</u>
Financing	2	904,372	(54,255)
(Decrease)/Increase in cash in the year		<u>(1,064,642)</u>	<u>177,092</u>

Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the year		(1,064,642)	177,092
Cash inflow from (increase)/decrease in debt financing		<u>(904,372)</u>	<u>54,255</u>
Change in net funds resulting from cash flows		<u>(1,969,014)</u>	<u>231,347</u>
Movement in net funds in the year		(1,969,014)	231,347
Net funds at 1 September		<u>983,518</u>	<u>752,171</u>
Net funds at 31 August		<u>(985,496)</u>	<u>983,518</u>

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

1. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating surplus before interest payable/(receivable)(Note 2)	461,381	533,819
Depreciation charges	293,267	240,560
(Increase)/Decrease in debtors	(19,065)	23,558
Increase in creditors	281,347	345,058
Loss on disposal of fixed assets	25,451	-
	<hr/>	<hr/>
Net cash inflow from operating activities	1,042,381	1,142,995
	<hr/> <hr/>	<hr/> <hr/>

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

	2015	2014
	£	£
Operating surplus before interest payable/(receivable)		
Net surplus for the year	425,331	524,606
Interest payable	46,234	20,648
Interest receivable	(10,184)	(11,435)
	<hr/>	<hr/>
Operating surplus before interest payable/(receivable)	461,381	533,819
	<hr/> <hr/>	<hr/> <hr/>
Returns on investments and servicing of finance		
Interest received	10,184	11,435
Interest paid	(46,234)	(20,648)
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(36,050)	(9,213)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
Purchase of tangible fixed assets	(2,984,570)	(902,435)
Proceeds from disposal of tangible fixed assets	9,225	-
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(2,975,345)	(902,435)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Net additional loan finance during the year	910,872	-
Capital bank loan repayments made during the year	-	(58,255)
(Decrease)/Increase in deposits held	(6,500)	4,000
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing	904,372	(54,255)
	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2014	Cash flow	At 31 August 2015
Net cash:			
Cash at bank	2,009,238	(1,064,642)	944,596
Debt:			
Debts falling due within one year:			
Deposits held	(28,000)	1,500	(26,500)
Bank loans	(58,255)	(57,353)	(115,608)
Debts falling due after one year:			
Bank loans	(743,465)	(853,519)	(1,596,984)
Deposits held	(196,000)	5,000	(191,000)
Total	(1,025,720)	(904,372)	(1,930,092)
TOTAL	983,518	(1,969,014)	(985,496)

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005 and applicable accounting standards.

(b) Company status

The Charity is a company limited by guarantee. Every member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the company's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

(c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund.

Investment income and gains are allocated to the appropriate fund.

(d) Incoming resources

All incoming resources are included in the SOFA when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Fees receivable consist of charges billed for the school year ending 31 August less bursaries and allowances. Fees received for education to be provided in a future year are shown as fees paid in advance at the balance sheet date.

Donations subject to the specific wishes of the donors are treated as restricted funds. Donations received for the general purpose of the school are treated as unrestricted funds.

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the costs of running the charity, including external audit, any legal advice for strategic planning purposes, and all the costs of complying with constitutional and statutory requirements.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2015

(f) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost over their expected useful economic lives as follows:

Freehold land	NIL
Freehold buildings	over 50 years
Furniture and office equipment	over 5 years on a straight line basis
Computer equipment	over 4 years on a straight line basis
Leasehold property	over the period of the lease

(g) Pension costs

The Company 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 a group personal pension scheme for non-teaching staff at up to 6.0% of annual basic pay. Contributions to both schemes are charged in the SOFA as they become payable in accordance with the rules of the schemes.

(h) Finance and operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

(i) Teaching materials

Supplies of games equipment, books, stationery and sundry materials are written off as an expense when incurred.

(j) Taxation

The Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

(k) Value added taxation

As the Company's activities are outside of the scope of value added tax, it is unable to reclaim any input tax. Consequently, value added tax on any capital expenditure is capitalised as part of the cost of the asset acquired and value added tax on resources expended is added to the particular expense in the Statement of Financial Activities.

2. EXPENDITURE

	2015 £	2014 £
Other expenditure includes:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts (includes non-audit fees - £900)	9,600	13,200
Depreciation - owned assets	293,267	240,560
Operating lease rentals - Land and buildings	61,249	59,611
Fittings and equipment	904	1,610
Loss on disposal of fixed assets	25,451	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2015

3. ANALYSIS OF RESOURCES EXPENDED

	Staff Costs £	Other £	Dep'n £	2015 Total £	2014 Total £
COST OF GENERATING FUNDS					
Bank loan interest	-	46,234	-	46,234	20,648
CHARITABLE ACTIVITIES					
Teaching Costs	2,125,296	182,830	-	2,308,126	2,226,441
Housekeeping	83,653	223,157	-	306,810	310,476
Premises	124,716	411,434	157,826	693,976	558,835
Administration of the School	258,290	251,109	135,441	644,840	578,632
Finance and Other costs	-	2,847	-	2,847	9,902
Management and Administration of the Charity	69,319	-	-	69,319	65,886
	2,661,274	1,071,377	293,267	4,025,918	3,750,172
GOVERNANCE COSTS					
	-	9,600	-	9,600	13,200
	2,661,274	1,127,211	293,267	4,081,752	3,784,020

4. STAFF COSTS

	2015 £	2014 £
Wages and Salaries	2,225,265	2,162,213
Social Security costs	193,922	185,246
Pension costs	242,087	223,666
	2,661,274	2,571,125

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2015 Number	2014 Number
£60,001 - £70,000	2	2
£90,000 - £100,000	1	1

Pension contribution costs in relation to the three employees paid in excess of £60,000 during the year were £26,661 (2014: £25,392). Two of the employees participated in the government superannuation pension scheme and one of the employees participated in the School's group personal pension scheme.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2015

4. STAFF COSTS (continued)

The average number of employees analysed by function during the year was made up as follows:

	2015	2014
	Number	Number
Teaching	35	36
Administration	9	8
Support	22	21
	<hr/>	<hr/>
	66	65
	<hr/>	<hr/>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank loan interest payable	46,234	20,648
	<hr/>	<hr/>

6. GOVERNORS' REMUNERATION

The governors neither received nor waived any emoluments during the year (2014: £NIL).

In 2013/14, out of pocket expenses were reimbursed to one governor.

	2015	2014
	£	£
Travel	NIL	259
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2015

7. PENSION COSTS

a) Defined contribution pension scheme.

The Company contributes to a defined contribution scheme on behalf of certain of its non-teaching staff. Contributions are charged in the statement of financial activities as they accrue. The charge for the year was £30,662 (2014: £20,088). Contributions payable as at 31 August 2015 in respect of non-teaching staff were £2,163 (2014: £2,138).

b) Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £211,425 (2014: £203,578) and at the year end £16,838 (2014: £17,006) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed that the employer contribution rate for the TPS will increase from 14.1% to 16.4% although, recognising that teaching establishments work on an academic and not financial year, the Government has deferred the implementation of this increase to 1 September 2015. Employers will in addition from 1 September 2015 pay a scheme administration levy of 0.08% of the employers' salary costs which will increase the total employer payment rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2015

8. TANGIBLE FIXED ASSETS

	Computer Equipment £	Equipment, Fixtures and Fittings £	Land & Freehold Property £	Short Leasehold Property £	Total £
Cost or Valuation					
As at 1 September 2014	336,973	890,454	5,999,292	462,265	7,688,984
Additions	70,501	127,818	2,767,733	18,518	2,984,570
Disposals	(-)	(39,514)	(51,786)	(-)	(91,300)
As at 31 August 2015	407,474	978,758	8,715,239	480,783	10,582,254
Depreciation					
As at 1 September 2014	167,621	712,575	1,171,022	80,311	2,131,529
Charge for year	72,328	63,113	135,534	22,292	293,267
Disposals	(-)	(39,432)	(17,192)	(-)	(56,624)
As at 31 August 2015	239,949	736,256	1,289,364	102,603	2,368,172
Net Book Value					
As at 31 August 2015	167,525	242,502	7,425,875	378,180	8,214,082
As at 31 August 2014	169,352	177,879	4,828,270	381,954	5,557,455

The market value of land and buildings fixed assets held above was £6,800,000 based on an external valuation in December 2015.

9. DEBTORS

	2015 £	2014 £
Amounts falling due within one year:		
Fees receivable	31,289	28,076
Prepayments	60,420	46,242
Other debtors	3,065	1,391
	94,774	75,709

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2015

10. CREDITORS

	2015	2014
	£	£
Amounts falling due within one year:		
Bank loans	115,608	58,255
Taxation and Social Security payable	52,352	48,916
Other Creditors and Accruals	783,113	514,606
Fees paid in advance	337,542	328,138
Deposits held	26,500	28,000
	<hr/>	<hr/>
	1,315,115	977,915
	<hr/>	<hr/>

	2015	2014
	£	£
Amounts falling due after one year:		
Long term mortgage	1,596,984	743,465
Deposits held	191,000	196,000
	<hr/>	<hr/>
	1,787,984	939,465
	<hr/>	<hr/>

The amounts falling due in respect of creditors payable by instalments after five years were:

	2015	2014
	£	£
Bank loans – element over five years	1,134,550	510,446
Deposits held – element over five years	78,000	79,000
	<hr/>	<hr/>

The bank loan facilities provided by Barclays Bank plc are secured by a debenture over the freehold land and property at Manor Lodge School dated 23 May 2011. The bank loans are being repaid by monthly instalments up to May 2026 and to October 2029 at an interest rate of 1.95% over prevailing bank base rate and at an initial five year fixed rate 4.35% (followed by a margin of 2.45% over prevailing bank base rate) respectively. The aggregate value of secured liabilities is £1,712,592 (2014: £801,720).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2015

11. FUNDS

	At 1 September 2014 £	Income £	Expenditure £	Transfer £	At 31 August 2015 £
General fund	4,725,022	4,507,083	(4,081,752)	1,000,000	6,150,353
Designated funds:					
Building development fund	1,000,000	-	-	(1,000,000)	-
Total funds	5,725,022	4,507,083	(4,081,752)	-	6,150,353

The General fund represents the free funds of the Company which are not designated for any particular purpose.

The Company's charitable funds are thus wholly unrestricted and the net assets of the Company in support of the funds balance above is as represented by the balance sheet on page 11.

12. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land & Buildings		Other	
	2015 £	2014 £	2015 £	2014 £
Expiring:				
Within one year	-	52,160	-	706
In two to five years	-	-	904	904
In more than five years	61,249	7,451	-	-
	61,249	59,611	904	1,610

13. CAPITAL COMMITMENTS

As at 31 August 2015, the Company was contractually committed to spend a sum of £122,230 on land and buildings capital expenditure, predominantly in relation to the new sports hall building.

14. CONTINGENT GAIN

The Company has been charged additional building costs up to 31 August 2015 in respect of the new sports hall to the value of £308,710 which has been accrued as a cost within the financial statements. The Governors are contesting the value of this additional cost and have issued a counter claim against the building contractor to the value of £210,382.

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2015

	2015		2014	
	£	£	£	£
Gross income				
School Fees	4,201,889		3,999,864	
Registrations	10,650		8,800	
		4,212,539		4,008,664
Add				
Net proceeds from fund-raising activities		(1,092)		6,058
Clubs, school lunches & other activities		285,452		282,469
Interest receivable		10,184		11,435
		4,507,083		4,308,626
Less Expenses				
Salaries:				
Teaching & Administration	1,964,863		1,919,164	
Domestic Staff & Maintenance	187,475		178,279	
Drama, Elocution, Music & Casual	57,397		52,624	
Supply Teachers	15,530		12,146	
Employers NIC	193,922		185,246	
Staff Superannuation Scheme	242,087		223,666	
Life Assurance Policies	7,266		6,310	
Staff Training	13,093		14,769	
Medical Insurance	35,774		34,327	
	2,717,407		2,626,531	
Premises:				
Rates & Water	17,132		17,405	
Light & Heat	61,839		56,594	
Telephone	20,989		20,626	
Insurance	39,704		36,763	
Cleaning & Refuse	57,119		55,358	
Repairs & Renewals	102,261		80,596	
Security & Safety	17,851		17,425	
Grounds	172,647		106,635	
	489,542		391,402	
Carried forward		4,507,083		4,308,626

DETAILED INCOME AND EXPENDITURE ACCOUNT - continued

FOR THE YEAR ENDED 31 AUGUST 2015

	2015	2014
	£	£
Brought forward	4,507,083	4,308,626
Other:		
Travelling & Entertaining	5,499	7,686
Educational Supplies	62,746	55,656
Printing, Postage & Stationery	29,918	30,766
Advertising & Recruitment	48,186	30,768
Swimming	7,539	7,708
General Expenses	20,553	12,028
Legal & Professional Fees	20,479	18,505
Audit Remuneration	9,600	13,200
Depreciation	293,267	240,560
Bank Charges & Interest	2,847	9,902
Catering	161,568	178,771
Milk	4,714	4,672
Excursions	43,723	40,143
School Inspection	3,413	2,987
Ju Jitsu	19,710	20,370
Subscriptions	7,594	7,501
Heads Expenses	1,056	343
Chess	18,784	16,342
Office Software	41,922	44,031
Loss on disposal of fixed assets	25,451	-
Bad debts	-	3,500
	<hr/>	<hr/>
	828,569	745,439
	<hr/>	<hr/>
	4,035,518	3,763,372
	<hr/>	<hr/>
	471,565	545,254
Bank loan interest	46,234	20,648
	<hr/>	<hr/>
	46,234	20,648
	<hr/>	<hr/>
NET SURPLUS for the year	425,331	524,606
	<hr/>	<hr/>