

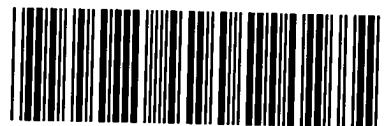
COMPANY NO. 2829156

MANOR LODGE SCHOOL

A Company Limited by Guarantee

GOVERNORS' ANNUAL REPORT INCLUDING
THE STRATEGIC REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2014

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MANOR LODGE SCHOOL
A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2014

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GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The Board of Governors present their annual report for the year ended 31 August 2014 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 M Higham *	(retired 19 June 2014)
Mrs R Adams * @		Mr A Phipps #	
Mr G Black #	(appointed 17 October 2013)	Mr D Swanson *	
Mr M Cherry #		Mr A Williams *	(appointed 19 June 2014)
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
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 2014

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. M Higham until June 2014 and thereafter 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 Mr. D Arnold MBE until January 2014 and thereafter 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.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

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 each academic year. In 2013/14 this was the Noah's Ark Children's Hospice, a local charity seeking to serve an estimated 900 life-limited or life-threatened children or young people, and their families. In 2013/14, the children also raised £3,000 toward the Philippines Typhoon Appeal. These initiatives are educational and give pupils an awareness of life outside the school community.

The School makes its premises and facilities available to local organisations. The School also gives local state schools free tickets to its annual Year 6 production and offers work experience placements to pupils at local senior schools.

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 successfully renewed its Eco-Schools Green Flag award in July 2013.

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 and Cuffley, Radlett, Elstree, Stanmore and 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.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

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.

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, are responsible for preparing the Governors' Annual 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.

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 2014

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 402 pupils on roll in the main School at the academic year end and 28 in the Nursery. There was a substantial waiting list for most year groups. Academic results were again extremely good, with many Year 6 children gaining scholarships for both academic and artistic prowess. All Year 6 pupils moved forward to the secondary schools of their choice, both independent and state schools.

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 School was inspected by the Independent Schools' Inspectorate (ISI) in May 2009 and received a highly satisfactory report, with many of the School's activities being marked 'outstanding'.

Grant-making

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 31 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 under £172,000.

Of this amount, bursaries totaling over £133,000 supported 15 pupils by the remission in part or in full of their fees, an increase of 20% over the previous year. Bursary awards ranged from 25% 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 currently represent 3.2% of the School's gross fee income.

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 over £7,000 was raised in this manner. The School also has volunteers who listen to children reading. 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 2014

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Company's net income for the year of £524,606 (2013: £363,775) 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 £5,725,022.

It will be some years before the bank loan is 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.

Following a review of the School's general policy for designated funds by the Governors, a number of changes have been made this year. The designated fund of £1,500,000 for future building development costs has been reduced to £1,000,000. The designated funds for major repairs and future employment costs have been transferred to general funds.

Capital Expenditure

The need to maintain and enhance the infrastructure of the School resulted in capital expenditure for the year of £902,435 as summarised in Note 8 to the accounts. This included expenditure on the new sports hall and classroom building.

A number of assets within the computer equipment and fixtures and fittings categories that had been fully depreciated and were no longer in use have been adjusted within the financial statements accordingly.

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 has gained planning consent to erect a new sports hall and additional classrooms on site to improve the facilities available to pupils and to enable the School to comply with specific teaching requirements identified in the last ISI Inspection. Construction of the new building began in May 2014.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

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.

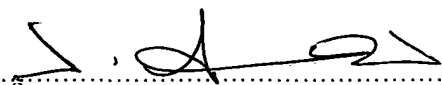
The rising costs of maintaining the fabric of the school, in particular the listed building

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 12 March 2015 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 2014****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 2014 on pages 9 to 21. 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 6, the Governors 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 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 2014 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.

INDEPENDENT AUDITOR'S REPORT

Page 9

TO THE MEMBERS OF MANOR LODGE SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2014

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

12th March 2015
Date

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

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	Total (Unrestricted) 2014 £	2013 £
INCOMING RESOURCES			
Incoming resources from generated funds:			
Activities for generating funds:			
Fund-raising events		6,058	2,602
Investment income		11,435	13,957
Incoming resources from charitable activities:			
School fees receivable		3,999,864	3,754,875
Clubs, school lunches & other activities		282,469	282,400
Registration fees		8,800	11,250
		<hr/>	<hr/>
Total Incoming Resources		4,308,626	4,065,084
		<hr/>	<hr/>
RESOURCES EXPENDED			
Charitable Expenditure			
Cost of generating funds	3	20,648	22,044
Charitable activities	3	3,750,172	3,664,865
Governance costs	3	13,200	14,400
		<hr/>	<hr/>
Total Resources Expended		3,784,020	3,701,309
		<hr/>	<hr/>
NET INCOMING RESOURCES FOR THE YEAR		524,606	363,775
BALANCES BROUGHT FORWARD		5,200,416	4,836,641
BALANCES CARRIED FORWARD	11	5,725,022	5,200,416
		<hr/>	<hr/>

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

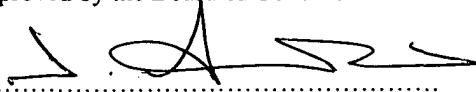
The attached notes form part of these financial statements.

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	£	2014 £	£	2013 £
TANGIBLE FIXED ASSETS	8		5,557,455		4,895,580
CURRENT ASSETS					
Debtors	9	75,709		99,267	
Cash at Bank and in hand		2,009,238		1,832,145	
		2,084,947		1,931,412	
CURRENT LIABILITIES					
Creditors : Amounts falling due within one year	10	977,915		630,961	
NET CURRENT ASSETS			1,107,032		1,300,451
TOTAL ASSETS LESS CURRENT LIABILITIES			6,664,487		6,196,031
CREDITORS: Amounts falling due after more than one year	10		939,465		995,615
TOTAL NET ASSETS			5,725,022		5,200,416
FUNDS					
Unrestricted funds					
General funds	11		4,725,022		3,400,416
Designated funds	11		1,000,000		1,800,000
TOTAL FUNDS			5,725,022		5,200,416

Approved by the Board of Governors on 12 March 2015 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 2014

	Notes	£	2014 £	£	2013 £
Net cash inflow from operating activities	1		1,142,995		390,911
Returns on investments and servicing of finance	2		(9,213)		(8,087)
Capital expenditure	2		(902,435)		(325,204)
			<hr/>		<hr/>
			231,347		57,620
Financing	2		(54,255)		(48,359)
			<hr/>		<hr/>
Increase in cash in the year			177,092		9,261
			<hr/>		<hr/>
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Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the year		177,092		9,261	
Cash inflow from decrease in debt financing		54,255		48,359	
		<hr/>		<hr/>	
Change in net funds resulting from cash flows			231,347		57,620
			<hr/>		<hr/>
Movement in net funds in the year			231,347		57,620
Net funds at 1 September			752,171		694,551
			<hr/>		<hr/>
Net funds at 31 August			983,518		752,171
			<hr/>		<hr/>

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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

	2014	2013
	£	£
Operating surplus before interest payable/(receivable)(Note 2)	533,819	371,862
Depreciation charges	240,560	204,450
Decrease/(Increase) in debtors	23,558	(17,310)
Increase/(Decrease) in creditors	345,058	(171,413)
Loss on disposal of fixed assets	-	3,322
Net cash inflow from operating activities	1,142,995	390,911

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

	2014	2013
	£	£
Operating surplus before interest payable/(receivable)		
Net surplus for the year	524,606	363,775
Interest payable	20,648	22,044
Interest receivable	(11,435)	(13,957)
	<hr/>	<hr/>
Operating surplus before interest payable/(receivable)	533,819	371,862
	<hr/>	<hr/>
Returns on investments and servicing of finance		
Interest received	11,435	13,957
Interest paid	(20,648)	(22,044)
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(9,213)	(8,087)
	<hr/>	<hr/>
Capital expenditure		
Purchase of tangible fixed assets	(902,435)	(325,204)
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(902,435)	(325,204)
	<hr/>	<hr/>
Financing		
Capital bank loan repayments made during the year	(58,255)	(56,859)
Increase in deposits held	4,000	8,500
	<hr/>	<hr/>
Net cash outflow from financing	(54,255)	(48,359)
	<hr/>	<hr/>

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2013	Cash flow	At 31 August 2014
Net cash:			
Cash at bank	1,832,145	177,093	2,009,238
	<hr/>	<hr/>	<hr/>
Debt:			
Debts falling due within one year:			
Deposits held	(27,500)	(500)	(28,000)
Bank loans	(56,859)	(1,396)	(58,255)
Debts falling due after one year:			
Bank loans	(803,115)	59,650	(743,465)
Deposits held	(192,500)	(3,500)	(196,000)
	<hr/>	<hr/>	<hr/>
Total	(1,079,974)	54,254	(1,025,720)
	<hr/>	<hr/>	<hr/>
TOTAL	752,171	231,347	983,518
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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 2014

(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 cost of value added tax incurred by the company has been included in the Statement of Financial Activities. The Company has charitable status and its income is not subject to taxation.

(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

	2014	2013
	£	£
Other expenditure includes:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts (non-audit fees - £NIL)	13,200	14,400
Depreciation - owned assets	240,560	204,450
Operating lease rentals - Land and buildings	59,611	59,313
Fittings and equipment	1,610	3,459
Loss on disposal of fixed assets	-	3,322
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2014

3. ANALYSIS OF RESOURCES EXPENDED

	Staff Costs £	Other £	Depreciation £	2014 Total £	2013 Total £
COST OF GENERATING FUNDS					
Bank loan interest	-	20,648	-	20,648	22,044
CHARITABLE ACTIVITIES					
Teaching Costs	2,055,163	171,278	-	2,226,441	2,217,862
Housekeeping	71,675	238,801	-	310,476	299,134
Premises	121,009	315,562	122,264	558,835	590,912
Administration of the School	257,392	202,944	118,296	578,632	482,808
Finance and Other costs	-	9,902	-	9,902	10,332
Management and Administration of the Charity	65,886	-	-	65,886	63,817
	<hr/> 2,571,125	<hr/> 938,487	<hr/> 240,560	<hr/> 3,750,172	<hr/> 3,664,865
GOVERNANCE COSTS	-	13,200	-	13,200	14,400
	<hr/> 2,571,125	<hr/> 972,335	<hr/> 240,560	<hr/> 3,784,020	<hr/> 3,701,309

4. STAFF COSTS

	2014 £	2013 £
Wages and Salaries	2,162,213	2,118,547
Social Security costs	185,246	184,997
Pension costs	223,666	216,562
	<hr/> 2,571,125	<hr/> 2,520,106

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

	2014 Number	2013 Number
£60,001 - £70,000	2	2
£90,001 - £100,000	1	1

Pension contribution costs in relation to the three employees paid in excess of £60,000 during the year were £25,392 (2013: £24,476). 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 2014

4. STAFF COSTS (continued)

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

	2014	2013
	Number	Number
Teaching	36	36
Administration	8	7
Support	21	21
	<hr/>	<hr/>
	65	64
	<hr/>	<hr/>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank loan interest payable	20,648	22,044
	<hr/>	<hr/>

6. GOVERNORS' REMUNERATION

The governors neither received nor waived any emoluments during the year (2013: £NIL).

Out of pocket expenses were reimbursed to one governor as follows

	2014	2013
	£	£
Travel	259	310
	<hr/>	<hr/>

7. PENSION COSTS

The Company makes contributions to a government superannuation defined benefit scheme on behalf of its teaching staff. In addition, 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 £203,578 (2013: £198,182) in respect of teaching staff and £20,088 (2013: £18,380) in respect of other staff. Contributions payable as at 31 August 2014 in respect of teaching staff were £17,006 (2013: £16,904) and non-teaching staff were £2,138 (2013: £1,530).

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2014

8. TANGIBLE FIXED ASSETS

	Computer Equipment	Equipment, Fixtures and Fittings	Land & Freehold Property	Short Leasehold Property	Total
	£	£	£	£	£
Cost or Valuation					
As at 1 September 2013	334,754	831,196	5,280,523	461,191	6,907,664
Additions	50,254	132,338	718,487	1,356	902,435
Disposals	(48,035)	(73,080)	(-)	(-)	(121,115)
Cost adjustment	-	-	282	(282)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 August 2014	336,973	890,454	5,999,292	462,265	7,688,984
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
As at 1 September 2013	149,038	733,977	1,070,385	58,684	2,012,084
Charge for year	66,618	51,678	100,637	21,627	240,560
Disposals	(48,035)	(73,080)	(-)	(-)	(121,115)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 August 2014	167,621	712,575	1,171,022	80,311	2,131,529
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
As at 31 August 2014	169,352	177,879	4,828,270	381,954	5,557,455
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 August 2013	185,716	97,219	4,210,138	402,507	4,895,580
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

9. DEBTORS

	2014 £	2013 £
Amounts falling due within one year:		
Fees receivable	28,076	36,980
Prepayments	46,242	52,621
Other debtors	1,391	9,666
	<hr/>	<hr/>
	75,709	99,267
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2014

10. CREDITORS

	2014	2013
	£	£
Amounts falling due within one year:		
Bank Loans	58,255	56,859
Taxation and Social Security payable	48,916	54,222
Other Creditors and Accruals	514,606	187,667
Fees paid in advance	328,138	304,713
Deposits held	28,000	27,500
	<hr/> 977,915	<hr/> 630,961
	<hr/> <hr/>	<hr/> <hr/>

	2014	2013
	£	£
Amounts falling due after one year:		
Long term mortgage	743,465	803,115
Deposits held	196,000	192,500
	<hr/> 939,465	<hr/> 995,615
	<hr/> <hr/>	<hr/> <hr/>

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

	2014	2013
	£	£
Bank loans - element over five years	510,446	575,679
Deposits held - element over five years	79,000	71,500
	<hr/> <hr/>	<hr/> <hr/>

The bank loan facility provided by Barclays Bank plc is secured by a debenture over the freehold land and property at Manor Lodge School dated 23 May 2011. The bank loan is being repaid by monthly instalments up to May 2026 at an interest rate of 1.95% over prevailing bank base rate. The aggregate value of secured liabilities is £801,720 (2013: £859,974).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2014

11. FUNDS

	At 1 September 2013 £	Income £	Expenditure £	Transfer £	At 31 August 2014 £
General fund	3,400,416	4,308,626	(3,784,020)	800,000	4,725,022
Designated funds:					
Major repairs fund	200,000	-	-	(200,000)	0
Building development fund	1,500,000	-	-	(500,000)	1,000,000
Future employment costs	100,000	-	-	(100,000)	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	5,200,416	4,308,626	(3,784,020)	-	5,725,022
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

The Governors have maintained a designated fund for building development as they believe that investment in such development is essential to ensure that facilities offered to pupils and parents are of the highest standard. The fund at 31 August 2014 has been designated to develop the new sports hall and classroom building on site.

The designated funds for major repairs and future employment costs have been transferred to general funds during the year.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2014

12. ALLOCATION OF THE CHARITY NET ASSETS

The net assets are held for the various funds as follows:

	Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Unrestricted Funds:				
General Fund	4,707,455	957,032	(939,465)	4,725,022
Building Development Fund	850,000	150,000	-	1,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	5,557,445	1,107,032	(939,465)	5,725,022
	<hr/>	<hr/>	<hr/>	<hr/>

13. OPERATING LEASE COMMITMENTS

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

	Land & Buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiring:				
Within one year	52,160	48,532	706	2,555
In two to five years	-	3,561	904	904
In more than five years	7,451	7,220	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	59,611	59,313	1,610	3,459
	<hr/>	<hr/>	<hr/>	<hr/>

14. RELATED PARTY TRANSACTIONS

During the year, the children of two Governors – Mr. Cherry and Mrs. Gunasekera – attended the school. The fees charged were at standard rates.

15. CAPITAL COMMITMENTS

As at 31 August 2014, the Company was contractually committed to spend a sum of £2,198,165 on land and buildings capital expenditure in relation to the new sports hall building.

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2014

	2014		2013	
	£	£	£	£
RECEIPTS				
School Fees	3,999,864		3,754,875	
Registrations	8,800		11,250	
	<hr/>	4,008,664	<hr/>	3,766,125
Add				
Net proceeds from fund-raising activities		6,058		2,602
Clubs, school lunches & other activities		282,469		282,400
Interest receivable		11,435		13,957
		<hr/>		<hr/>
		4,308,626		4,065,084
Less Expenses				
Salaries:				
Teaching & Administration	1,919,164		1,866,998	
Domestic Staff & Maintenance	178,279		187,873	
Drama, Elocution, Music & Casual	52,624		54,320	
Supply Teachers	12,146		9,356	
Employers NIC	185,246		184,997	
Staff Superannuation Scheme	223,666		216,562	
Life Assurance Policies	6,310		7,001	
Staff Training	14,769		23,078	
Medical Insurance	34,327		32,388	
	<hr/>		<hr/>	
	2,626,531		2,582,573	
	<hr/>		<hr/>	
Premises:				
Rates & Water	17,405		15,433	
Light & Heat	56,594		74,801	
Telephone	20,626		18,842	
Insurance	36,763		37,474	
Cleaning & Refuse	55,358		44,276	
Repairs & Renewals	80,596		98,887	
Security & Safety	17,425		21,842	
Grounds	106,635		100,697	
	<hr/>		<hr/>	
	391,402		412,252	
	<hr/>		<hr/>	
Carried forward		4,308,626		4,065,084

DETAILED INCOME AND EXPENDITURE ACCOUNT - continued

FOR THE YEAR ENDED 31 AUGUST 2014

	2014		2013	
	£	£	£	£
Brought forward		4,308,626		4,065,084
Other:				
Travelling & Entertaining	7,686		2,901	
Educational Supplies	55,656		68,576	
Printing, Postage & Stationery	30,766		26,992	
Advertising & Recruitment	30,768		17,684	
Swimming	7,708		5,852	
General Expenses	12,028		9,275	
Legal & Professional Fees	18,505		17,262	
Audit Remuneration	13,200		14,400	
Depreciation	240,560		204,450	
Bank Charges & Interest	9,902		10,332	
Catering	178,771		178,116	
Milk	4,672		3,942	
Excursions	40,143		35,921	
School Inspection	2,987		2,957	
Ju Jitsu	20,370		18,435	
Subscriptions	7,501		7,671	
Heads Expenses	343		1,591	
Chess	16,342		15,629	
Office Software	44,031		39,942	
Loss on disposal of fixed assets	-		3,322	
Bad debts	3,500		-	
	<hr/>		<hr/>	
	745,439		684,440	
		<hr/>		<hr/>
		3,763,372		3,679,265
		<hr/>		<hr/>
		545,254		385,819
Bank loan interest	20,648		22,044	
	<hr/>		<hr/>	
		20,648		22,044
		<hr/>		<hr/>
NET SURPLUS for the year		524,606		363,775
		<hr/>		<hr/>