

MOSTYN HOUSE SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003

Company No 3079131 (England and Wales)

Registered Charity No 1048117



MOSTYN HOUSE SCHOOL

Company Information

Registered Office & principal address	Mostyn House School Parkgate Wirral Cheshire
Company Number	3079131
Registered Charity Number	1048117
Headmistress	S M T Grenfell
Directors & Trustees	R G L Dale-Jones A D J Grenfell S M T Grenfell S Burrows C J Allan
Company Secretary	A D J Grenfell
Bankers	Barclays Bank Plc Liverpool City Office P O Box 232 4 Water Street Liverpool L69 2RT Bank of Scotland Douglas House 117 Foregate Street Chester CH1 1HE National Westminster Bank Plc 115 Deansgate Manchester M3 2NW
Auditors	Kemp & Co Chartered Accountants and Registered Auditors 202 Cotton Exchange Building Old Hall Street Liverpool L3 9LQ

MOSTYN HOUSE SCHOOL

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MOSTYN HOUSE SCHOOL

The Trustees' Report for the year ended 31 July 2003

Status and Administration

The Trustees present their report and the school's financial statements for the year ended 31 July 2003. The school is a registered charity, number 1048117.

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

R G L Dale-Jones (Chairman)
A D J Grenfell (Principal)
S Burrows
C J Allan
S M T Grenfell (Headmistress)

Objects

The objects as set out in the Memorandum and Articles of Association are to promote and provide for the advancement of education and in connection therewith to conduct, carry on, acquire and develop any boarding or day college, school or nursery for the education of children of both sexes and of any age.

Organisation

The Governors determine the general policy of the school. The day to day management of the school is delegated to the Headmistress.

Policy

The school's policy is to attain the highest academic levels whilst allowing pupils to benefit from its extra-curricular programme. There have been no changes in the policy since the previous year end.

Review and Results

The operating results for the year, the school's financial position and the surplus added to reserves is shown in the attached financial statements.

The results for the year were encouraging, despite a small decrease in the number of pupils during the year.

The average number of pupils in the school during the year was 251.

The Trustees are hopeful that pupil numbers will increase in the coming year.

MOSTYN HOUSE SCHOOL

The Trustees' Report (cont'd)

Resources & Reserves

The assets of the school are sufficient and will be available when needed to meet the individual liabilities of the school. The Directors are mindful of the need to have reserves that are adequate and commensurate with the requirements of the school, and will continue to build these up to what they consider sufficient from the annual operating surpluses. The Trustees target is in line with the generally accepted view in the Independent Schools sector that the ideal level of reserves to aim for equates to a full term's expenditure. Our policy is therefore, to continue building up our free reserves to the ideal level by means of the annual operating surpluses.

Fixed assets

The acquisitions and disposals of fixed assets are recorded in the notes to the financial statements.

Investments

The Trustees' investment powers are contained in the Trust Deed. The Trustees policy with regard to investments is first to build up the charity's reserves to the ideal level and then place surplus funds into investments after taking appropriate investment advice.

Risk Management

The Trustees have examined the principle areas of the School's operations and considered the major risks faced in each of these areas.

In the opinion of the Trustees the charity has established resources and review systems, which under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations.

Appointment of Trustees

In considering the appointment of additional or replacement trustees, the Board are keen to maintain a balance of professional skills drawn from across the range, complementing and strengthening the educational background of key family members and others who are also trustees.

Fundraising

The Board when necessary, will initiate appeals or general fundraising activities for general or specific projects. The Trustees are conscious of the need to adequately determine the parameters attaching to each appeal.

MOSTYN HOUSE SCHOOL

The Trustees' Report (cont'd)

Trustees' Responsibilities

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the school's affairs at the end of the year and the surplus or deficit for the year then ended.

In preparing those financial statements, the Trustees are required to select suitable accounting policies, as described on pages 9 and 10 and then apply them on a consistent basis making judgements and estimates that are prudent and reasonable. The Trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in business.

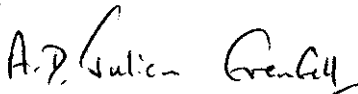
The Trustees are responsible for keeping proper accounting records which disclose at any time the financial position of the school and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 1985. They are also responsible for safeguarding the assets of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

Auditors

The Auditors, Kemp & Co, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985 at the Annual General Meeting.

Small company exemptions

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, was approved by the Trustees on 4 March 2004 and signed on its behalf by:



A D J Grenfell
Company Secretary

MOSTYN HOUSE SCHOOL

Independent Auditors' Report to the Trustees of Mostyn House School

We have audited the financial statements of Mostyn House School for the year ended 31 July 2003 on pages 5 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As described on page 3 of the Trustees' Report, the Trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the school has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the school is not disclosed.

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


Basis of audit opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the school's affairs as at 31 July 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993.


Kemp & Co
Chartered Accountants
and Registered Auditors
202 Cotton Exchange Building
Old Hall Street
Liverpool
L3 9LQ

4 March 2004

MOSTYN HOUSE SCHOOL

Statement of Financial Activities for the year ended 31 July 2003

	Notes	Unrestricted Funds Schools	Funds other	Restricted Funds	2003 Total Funds	2002 Total Funds
Incoming Resources		£	£	£	£	£
Fees receivable		1887493	-	-	1887493	1994302
Other income		173256	-	-	173256	201972
Bank interest received		276	32	14	322	598
Donations		-	12501	497	12998	2805
Total incoming resources		<u>2061025</u>	<u>12533</u>	<u>511</u>	<u>2074069</u>	<u>2199677</u>
Resources expended						
Costs of generating funds						
Fund-raising costs		-	-	-	-	-
Costs deductible		-	-	-	-	-
Net incoming resources available for charitable application		<u>2061025</u>	<u>12533</u>	<u>511</u>	<u>2074069</u>	<u>2199677</u>
Direct charitable expenditure						
Teaching costs		1289805	-	-	1289805	1444203
Welfare		152919	-	2547	155466	162439
Premises		179274	3470	-	182744	178182
Administration of school		<u>298652</u>	-	-	<u>298652</u>	<u>284149</u>
		1920650	3470	2547	1926667	2068973
Other expenditure						
Interest and bank charges		51533	-	-	51533	58740
Management and administration of the charity		48682	-	-	48682	56755
Total resources expended	16	<u>2020865</u>	<u>3470</u>	<u>2547</u>	<u>2026882</u>	<u>2184468</u>
Net incoming resources before transfer		40160	9063	(2036)	47187	15209
Transfers between funds		500	-	(500)	-	-
		<u>40660</u>	<u>9063</u>			
Net incoming resources			49723	(2536)	47187	15209
Balance brought forward at 1 August 2002			123753	34963	158716	143507
Balance carried forward at 31 July 2003	11		<u>173476</u>	<u>32427</u>	<u>205903</u>	<u>158716</u>

The notes on pages 9 to 17 form part of these financial statements.

MOSTYN HOUSE SCHOOL

Income & Expenditure Account for the year ended 31 July 2003

	Notes	2003 £	2002 £
Income	1	2060749	2196274
Administration expenses		(1979683)	(2129590)
Other operating income		<u>12998</u>	<u>2805</u>
Operating surplus	2	94064	69489
Interest received		322	598
Interest paid	5	(47199)	(54878)
Taxation		<u>-</u>	<u>-</u>
Surplus for the financial year		<u><u>47187</u></u>	<u><u>15209</u></u>
Statement of retained surpluses		£	£
At 1 August 2002		158716	143507
Surplus for the financial year		<u>47187</u>	<u>15209</u>
At 31 July 2003		<u><u>205903</u></u>	<u><u>158716</u></u>

Total recognised gains and losses

The school has no recognised gains or losses other than the surplus for the year.

Continuing operations

None of the school's activities were acquired or discontinued during the year.

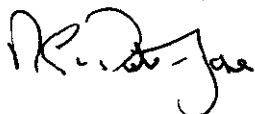
The notes on pages 9 to 17 form part of these financial statements.

MOSTYN HOUSE SCHOOL

Balance Sheet as at 31 July 2003

		2003	2002
	Notes	£	£
Fixed assets			
Tangible assets	6	821968	847767
Current assets			
Stocks	7	38995	40745
Debtors	8	101096	118473
Cash at bank and in hand		<u>11653</u>	<u>15689</u>
		151744	174907
Creditors: amounts falling due within one year	9	<u>355483</u>	<u>377674</u>
Net current liabilities		(203739)	(202767)
Total assets less current liabilities		618229	645000
Creditors: amounts falling due after more than one year	10	(412326)	(486284)
Net assets		<u>205903</u>	<u>158716</u>
Financed by:			
Reserves	11	<u>205903</u>	<u>158716</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the Board on 4 March 2004 and signed on its behalf by:



R G L Dale-Jones
Trustee

The notes on pages 9 to 17 form part of these financial statements.

MOSTYN HOUSE SCHOOL

Cash Flow Statement for the year ended 31 July 2003

		2003		2002	
	Notes	£	£	£	£
Net cash inflow from operating activities	17		162331		118222
Returns on investment & servicing of finance					
Interest received		322		598	
Interest payable (note 5)		(47199)		(54878)	
			(46877)		(54280)
Capital expenditure & financial investment					
Purchase of tangible fixed assets		(8316)		(60874)	
Sale proceeds of tangible fixed assets		—	(8316)	—	(60874)
Cash inflow before management of liquid resources and financing			107138		3068
Financing					
Repayment of loans		(68983)		(63258)	
Payments made under hire purchase contracts & finance leases		(2650)		(1939)	
Net cash (outflow) from financing			(71633)		(65197)
Increase/(Decrease) in cash in the period	18		<u>35505</u>		<u>(62129)</u>

The notes on pages 9 to 17 form part of these financial statements.

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003

1 Accounting policies

Basis of preparation of the financial statements

The accounts are prepared under the historical cost convention and include the results of the charity's operations which are described in the Directors' and Trustees' Report and all of which are continuing.

The financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 2000, the Statement of Recommended Practice 'Accounting by Charities' issued in November 2000 and with applicable accounting standards and policies which have been consistently applied. They are drawn up on the historical cost basis.

Turnover

The turnover shown in the Income and Expenditure Account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Donations

Donations receivable for the general purposes of the Charity are credited to "other unrestricted funds", to distinguish them from direct school income. Donations for purposes restricted by the wishes of the donor are taken to "restricted funds" where these wishes are legally binding on the Governors. Donated fixed assets are capitalised at cost to the donor and depreciated in accordance with the school's depreciation policy.

Resources expended

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

Fixed assets

Capitalisation and replacement

Items costing more than £500 are capitalised and carried in the Balance Sheet at historic cost. Items costing less than £500 are capitalised only where they form part of a larger project.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of the asset as follows:

Leasehold property	Over the life of the lease
Leasehold improvements	5% reducing balance
Fixtures, fittings & computer equipment	10-20% reducing balance
Motor vehicles	25% reducing balance
Swimming pool	Over life of the lease

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

Stock

Stock has been valued at the lower of cost and net realisable value. The Trustees consider that by nature of the school's activities it is appropriate to write off the expenditure on items such as school texts in the period in which they are incurred. A base stock has therefore been included in accordance with Statement of Standard Accounting Practice No 9.

Hire purchase contracts

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged against the Income and Expenditure Account so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Finance lease agreements

Assets held under finance leases where substantially all of the benefits and risks of ownership accrue to the lessee, are capitalised and disclosed under tangible fixed assets at their fair value. The assets are depreciated over the shorter of the lease terms or their useful economic life. The capital element of the future payments is treated as a liability. The total finance charge for each lease is charged against the Income and Expenditure Account so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Income and Expenditure Account as incurred.

Taxation

The school is registered under the Charities Act 1993 and satisfies the requirements for full tax exemption. Therefore no taxation charge arises on any annual surplus.

Pensions

The school contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the school by the Scheme Administrator.

The school also operates a defined contribution scheme for certain members of the administrative and other non-teaching staff. Contributions are charged to expenditure on an accruals basis.

Netting off of income and expenditure

Small fundraising events and school trips are netted off on the grounds that they are immaterial, occasional and do not make a surplus or deficit.

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

2 Operating surplus

The operating surplus is stated after charging:	2003	2002
	£	£
Staff costs	1523241	1606203
Depreciation	35610	37765
Auditors' fees - for audit services	4935	4818
- for other services	1704	3182
Hire of plant & machinery	3099	4393
Directors liability insurance premium costs	2625	2625

3 Particulars of employees

The average number of full and part-time staff employed by the school during the year was 85 (2002 97).

Employment costs

The aggregate costs of the school's employees were:	2003	2002
	£	£
Wages & salaries	1335384	1427202
Social security costs	97314	102870
Other pension costs	<u>90543</u>	<u>76131</u>
	<u>1523241</u>	<u>1606203</u>

4 Director's emoluments

The Director's emoluments, including pensions and benefits in kind were:

	2003	2002
	£	£
Emoluments of Executive Directors	<u>53162</u>	<u>76867</u>

During the year, retirement benefits were accruing to 1 director (2002 - 1) in respect of money purchase pension schemes

	2003	2002
	£	£
5 Interest payable		
On bank loans & overdrafts		
Repayable within 5 years not by instalments	31577	37002
Repayable wholly or partly in more than 5 years	<u>14809</u>	<u>17335</u>
	46386	54337
On hire purchase contracts	<u>813</u>	<u>541</u>
	<u>47199</u>	<u>54878</u>

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

6 Tangible fixed assets

	Long Leasehold Properties	Leasehold Improvements	Fixtures Fittings & Computer Equipment	Swimming Pool	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 August 2002	400000	395022	361371	213440	97817	1467650
Additions	-	-	12056	-	-	12056
Disposals	-	-	(730)	-	(31787)	(32517)
At 31 July 2003	<u>400000</u>	<u>395022</u>	<u>372697</u>	<u>213440</u>	<u>66030</u>	<u>1447189</u>
Depreciation						
At 1 August 2002	85084	139948	257795	48078	88978	619883
Charge	4040	12754	14931	2156	1729	35610
Relating to disposals	-	-	(538)	-	(29734)	(30272)
At 31 July 2003	<u>89124</u>	<u>152702</u>	<u>272188</u>	<u>50234</u>	<u>60973</u>	<u>625221</u>
Net Book Value						
At 31 July 2003	<u>310876</u>	<u>242320</u>	<u>100509</u>	<u>163206</u>	<u>5057</u>	<u>821968</u>
At 31 July 2002	<u>314916</u>	<u>255074</u>	<u>103576</u>	<u>165362</u>	<u>8839</u>	<u>847767</u>

All fixed assets are used in connection with the charitable purposes of the school.

Hire purchase and finance lease agreements

Included within the net book value of fixtures, fittings & computer equipment is £3179 (2002 £3973) relating to assets held under hire purchase agreements and £3179 (2002 £nil) relating to assets held under finance lease agreements. The depreciation charges in the period in respect of assets held under hire purchase agreements amounts to £795 (2002 £993) and £561 (2002: £nil) in respect of assets held under finance lease agreements.

7	Stocks	2003 £	2002 £
	Total stock	<u>38955</u>	<u>40745</u>
8	Debtors	2003 £	2002 £
	Due after more than one year		
	Fee debtors	30848	34472
	Due within one year		
	Fee debtors	49569	57459
	Other debtors	-	-
	Prepayments and accrued income	<u>20679</u>	<u>26542</u>
		<u>101906</u>	<u>118743</u>

The fee debtor due after one year related to a debtor who was granted extended payment terms following the closure of another school.

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

9	Creditors: amounts falling due within one year	2003	2002
		£	£
	Bank loans and overdrafts	136460	169414
	Expense creditors	169258	150661
	Other taxes and social security costs	33084	34319
	H P and finance leases	1342	1864
	Directors' loans	709	-
	Accruals and deferred income	<u>14630</u>	<u>21416</u>
		<u>355483</u>	<u>377674</u>

The following debts disclosed under creditors falling due within one year are secured:

Bank loans and overdrafts	<u>136460</u>	<u>169414</u>
---------------------------	---------------	---------------

The bank loans and overdrafts are secured by legal mortgage dated 29 November 1996 over Mostyn House School, a Mortgage Debenture over all the company's assets and against certain properties owned personally by one of the Directors who has also supplied a letter of guarantee against part of the borrowings.

10	Creditors: amounts falling due after more than one year	2003	2002
		£	£
	Bank loans and overdrafts	410067	485637
	H P and finance leases	<u>2259</u>	<u>647</u>
		<u>412326</u>	<u>486284</u>

The following debts disclosed under creditors falling due after more than one year are secured:

	2003	2002
	£	£
Bank loans and overdrafts	<u>410067</u>	<u>485637</u>

For further details of the security see note 9.

Bank loans and overdrafts are repayable as follows:

	£	£
In one year or less	136460	169412
Between one and two years	83460	75572
Between two and five years	163303	231612
In five years or more	<u>163304</u>	<u>178455</u>
	<u>546527</u>	<u>655051</u>

11	Reserves	2003	2002
		£	£
	Unrestricted funds	173476	123753
	Restricted funds	<u>32427</u>	<u>34963</u>
		<u>205903</u>	<u>158716</u>

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

11	Reserves cont'd	2003	2002
	Movement on reserves	£	£
	At 1 August 2002	158716	143507
	Surplus for the financial year	<u>47187</u>	<u>15209</u>
	At 31 July 2003	<u>205903</u>	<u>158716</u>

Movement in funds

Unrestricted funds: Movements in year

	Balance 1 August 2002 £	Income £	Expended £	Transfers £	Balance 31 July 2003 £
General school fund	116166	2061025	(2020865)	500	156826
General unrestricted fund	-	11025	-	-	11025
Benefactors fund	<u>7587</u>	<u>1508</u>	<u>(3470)</u>	<u>-</u>	<u>5625</u>
	<u>123753</u>	<u>2073558</u>	<u>(2024335)</u>	<u>500</u>	<u>173476</u>

The unrestricted school funds are held to finance normal fluctuations in working capital.

Restricted funds: Movement in year

	Balance 1 August 2002 £	Income £	Expended £	Transfers £	Balance 31 July 2003 £
Bells fund	22351	126	-	-	22477
Organ restoration fund	2612	260	(2547)	-	325
Library fund	<u>10000</u>	<u>125</u>	<u>-</u>	<u>(500)</u>	<u>9625</u>
	<u>34963</u>	<u>511</u>	<u>(2547)</u>	<u>(500)</u>	<u>32427</u>

Net Assets of the Funds of the Charity

The charity's net assets belong to the various funds as follows:

	Fixed Assets £	Net Current Liabilities £	Long Term Liabilities £	Fund Balances £
Unrestricted funds	812468	(226666)	(412326)	173476
Restricted funds	<u>9500</u>	<u>22927</u>	<u>-</u>	<u>32427</u>
Charity	<u>821968</u>	<u>(203739)</u>	<u>(412326)</u>	<u>205903</u>

12 Pensions

The school operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the school.

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

13 Commitments under hire purchase and finance lease agreements

Future commitments under such agreements are as follows:	2003	202
	£	£
Amounts payable within one year	1884	2404
Amounts payable within two to five years	<u>3437</u>	<u>827</u>
	5321	3231
Less:		
Finance charges relating to future periods	<u>1720</u>	<u>721</u>
	<u>3601</u>	<u>2510</u>

14 Commitments under operating leases

The company has annual commitments under operating leases to make payments totalling £3152 in the next year as follows:

	2003	2002
	£	£
Agreements other than land and building expiring:		
Within one year	-	-
Within two to five years	<u>3152</u>	<u>4803</u>
	<u>3152</u>	<u>4803</u>

15 Transactions with Directors

The following Directors declared interests in contracts with the company in accordance with S317 of the Companies Act 1985 as follows:

- i A D J Grenfell and Miss S M T Grenfell declared their interest in contracts of employment with the school. They also receive benefits in kind commensurate with their position.
- ii R G L Dale-Jones declared his interest as a legal adviser to the school in any contract to be entered into by the school with his firm. The school bought services to the value of £3638 on normal commercial terms from his firm during the year.

16 Analysis of total resources expended

	Staff Costs £	Other £	Depreci- iation £	Total £
Direct Charitable Expenditure				
Teaching costs	1168319	106555	14931	1289805
Welfare	79936	75530	-	155466
Premises	51547	112247	18950	182744
Administration of school	<u>208851</u>	<u>89801</u>	<u>-</u>	<u>298652</u>
	1508653	384133	33881	1926667
Other expenditure:				
Interest and bank charges	-	51533	-	51533
Management & admin of the school	<u>-</u>	<u>46953</u>	<u>1729</u>	<u>48682</u>
	<u>1508653</u>	<u>482619</u>	<u>35610</u>	<u>2026882</u>

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

17 Reconciliation of operating result to the net cash inflow from operating activities

	2003	2002
	£	£
Operating surplus	94064	69489
Depreciation	35610	37765
Loss on sale of tangible fixed assets	2245	-
Decrease in stocks	1750	4524
Decrease/(increase) in debtors	17377	(9205)
Increase in creditors	<u>11285</u>	<u>15649</u>
Net cash inflow from operating activities	<u>162331</u>	<u>118222</u>

18 Analysis of net debt

	1 August 2002	Cash Flow	31 July 2003
	£	£	£
Net cash:			
Cash at bank and in hand	15689	(4036)	11653
Bank overdraft	<u>(100620)</u>	<u>39541</u>	<u>(61079)</u>
	<u>(84931)</u>	<u>35505</u>	<u>(49426)</u>

Debt

Finance leases & hire purchase contracts	(2511)	(1090)	(3601)
Bank loans	<u>(554431)</u>	<u>68983</u>	<u>(485448)</u>
	<u>(556942)</u>	<u>67893</u>	<u>(489049)</u>

Net debt	<u>(641873)</u>	<u>103398</u>	<u>(538475)</u>
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Analysed in Balance Sheet:

Cash at bank and in hand	15689	11653
Bank loans and overdrafts	(169414)	(136460)
H P and finance leases	(1864)	(1342)

After one year

Bank loans and overdrafts	(485637)	(410067)
H P and finance leases	<u>(647)</u>	<u>(2259)</u>
	<u>(641873)</u>	<u>(538475)</u>

19 Capital commitments

No capital commitments, either contracted for or approved by the Directors but not contracted for, existed at either 31 July 2003 or 2002.

20 Contingent liabilities

No contingent liabilities existed at either 31 July 2003 or 2002.

MOSTYN HOUSE SCHOOL

Notes to the Accounts for the year ended 31 July 2003 (cont'd)

21 Related parties

The lease of the premises used by the school was granted by Mr A D J Grenfell, a Director of the school, on 12 December 1979 and the lease is a full repairing and insuring lease for a period of 99 years from 1 September 1979. The school has agreed after approval of the Charity Commission, to release part of its long lease to a development company in which Mr A D J Grenfell is a Director in exchange for a waiver of rent until 2008.

No rent was charged under the lease during the year.

Miss S M T Grenfell, the current Headmistress, resides on the school's premises. She pays £1,200 per annum for rent and is responsible for the rates from 6 April 2003. She lives on the premises to provide security during non-school hours. Full details of the above have been disclosed to the Charity Commission.

During the year two vehicles, previously gifted to the school some years ago, were returned to the wife of the person who made the original gift.

In addition, as disclosed in note 9, a Director of the school has personally provided security for part of the school's loans.

The school has arranged liability cover, at no cost to the individuals concerned, for Directors, Officers, Trustees, Employees, Committee members and members of staff.