

COMPANY NUMBER: 4252305
CHARITY NUMBER: 1088057

**WARWICK INDEPENDENT SCHOOLS
FOUNDATION**

Directors' Report
&
Financial Statements
for the year ended
31 July 2005



WARWICK INDEPENDENT SCHOOLS FOUNDATION

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS AND CHARITY TRUSTEES

Warwick Independent Schools Foundation Governors are the directors and the charity trustees of Warwick Independent Schools Foundation and have all served in office throughout the financial year except where indicated. The bodies shown below may nominate twenty-one Governors and these Governors serve on the Board for a term of three years. Up to a further nine Governors may be self-appointed and these Governors serve on the Board for a term of five years. Retiring Governors can be re-nominated or re-elected but may not serve more than a total term of fifteen years. The Lord-Lieutenant of Warwickshire and the Mayor of Warwick are ex-officio Governors.

Nominated by

Charity of Thomas Oken & Nicholas Eyffler
The Charity of Sir Thomas White, Warwick
The King Henry VIII Endowed Trust, Warwick
The King Henry VIII Endowed Trust, Warwick
The King Henry VIII Endowed Trust, Warwick
Warwick United Charities
Friends of Warwick School
King's High School Parents & Staff Association
Warwick Prep. School Parents' Association
Staff of Warwick School
Staff of King's High School
Staff of King's High School
Staff of Warwick Preparatory School
Old Warwickian Association
Old Warwickian Association
Old Girls' Association, King's High School
University of Birmingham
University of Birmingham
University of Warwick
University of Oxford
Warwickshire County Council
Warwickshire County Council
Warwickshire County Council
Warwick District Council
Warwick District Council
Warwick Town Council

Co-opted Governors

Mr R V Cadbury (Chairman)
Dr J M Henderson
Professor E W Ives
Mrs S J James*
Dr J P Khan

Name

Mr D E Hanson
Mrs S M Rhodes
Mr P G Butler (retired 23/12/04)
Mr R J Wyatt (appointed 23/12/04)
Mr N F J Thurley
Mrs A White*
Mrs P A Goddard
Mrs E Moloney*
Dr T W Leggatt*
Professor R H Trigg
Mrs P A Deeley* (resigned 3/09/04)
Mrs S E Lampitt (appointed 1/09/05)
Mrs C Jennings
Mr C R Mason (retired 23/12/04)
Mr I Thorpe (appointed 23/12/04)
Mrs J A Edwards
Mrs E M Aspinwall (resigned 14/09/04)
Mr R M Dancey (appointed 1/01/05)
Prof J F McEldowney*
Brig M J F Stephens
Mr R J Grant (resigned 16/08/05)
Mrs M B Haywood (retired 31/08/05)
Mr CCL Davis
Mr G B Guest (resigned 23/12/04)
Mrs A Mellor (appointed 23/12/04)
Mr M J Kinson

Mrs J Marshall
Mrs V M Phillips
Mr K C K Scott (Vice Chairman)
Professor M L Shattock

*Parent of pupil at a school that is part of Warwick Independent Schools Foundation.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

DIRECTORS, OFFICERS AND ADVISERS

OFFICERS

Headmaster	Warwick School	Mr E B Halse
	Deputy Head	Dr GRW Hawley
Headmistresses	King's High School for Girls	Mrs E Surber
	Deputy Head	Mrs C Russell
	Warwick Preparatory School	Mrs D M Robinson
	Deputy Head	Mrs R Barker
Foundation Secretary and Clerk to the Governors		Mr A J Bligh
Bursars	Warwick School	Mr N G R Stock
	King's High School for Girls	Mr A A B Booth
	Warwick Preparatory School	Mrs E R Lewis

Addresses	Warwick School Myton Road WARWICK CV34 6PP Day and Boarding for boys 7 – 18	Warwick Preparatory School Bridge Field Banbury Road WARWICK CV34 6PL Day, boys 3 – 7; girls 3 – 11
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King's High School
Landor House
Smith Street
WARWICK CV34 4HJ
Day girls 11 – 18

Registered Office

Warwick Independent Schools Foundation
3 Church Street
WARWICK CV34 4AB

ADVISERS

Bankers	Lloyds TSB Bank Plc 12 Swan Street WARWICK CV34 4BJ	Investment Advisers	Morgan Stanley Quilter Provincial House 37 New Walk LEICESTER LE1 6TU
Solicitors	Veale Wasbrough Orchard Court Orchard Lane BRISTOL BS1 5DS	Quantity Surveyors	Starkey Button & Company The Mews Trinity Street LEAMINGTON SPA CV32 5YN
Auditors	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square LONDON EC4Y 8EH	Insurance Brokers	HSBC Insurance Brokers Ltd 9 – 17 Perrymount Road Haywards Heath WEST SUSSEX RH16 3DU

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

STATUS AND ADMINISTRATION

Warwick Independent Schools Foundation ("the Charity and the Company") formerly known as Warwick Schools was incorporated as a charitable company, limited by guarantee, on the 29th August 2001, and registered in England under company number 4252305 and charity number 1088057 and is the corporate trustee of the Warwick Schools Foundation Trust ("the Trust").

In 1875, a scheme was approved by the Endowed Schools Commission for the amalgamation of certain educational charities in Warwick, under the name King's School Foundation. The Scheme provided for the re-establishment of the old King's School in new buildings, to be called the Grammar School (for boys), a Middle School (for day boys to the age of 15), and a school for girls. A number of local charities contributed the whole, or a portion of, their annual income. A Charity under the name Warwick Schools was registered with the Charity Commissioners for England and Wales (registration number 528775) and was regulated by Schemes signed on 23 December 1981, 26 November 1991, 13 June 1995, and 16 September 1998. On 29 August 2001, this Charity changed its name to Warwick Schools Foundation Trust. Under the Charity Commission Scheme made on 29 August 2001 all trust funds other than the Trust's permanent endowment of the school's land were transferred to a new charity known as Warwick Schools, as property of the Company, and the Trust itself was made a subsidiary charity of the Company as its corporate trustee. On 11 March 2003 the Charity and the Company changed its name from Warwick Schools to Warwick Independent Schools Foundation.

CHARITABLE OBJECTS

The Objects of the Charity are set out in the Memorandum of Association and are to advance education by carrying on in or near Warwick day and boarding schools for boys and girls.

Within these Objects, the Charity and the Trust have various permanent endowments and unendowed trust funds held for special purposes in connection with the development of the Schools' facilities and for scholarships, bursaries, prizes, and other educational purposes.

BOARD POLICY

The Charity provides education in Warwick to boys and girls from the ages of 3 – 19 in three schools: Warwick School, King's High School for Girls, and Warwick Preparatory School.

It is the Board's policy for all three schools to attain high academic levels as well as providing an extra-curricular programme that aims to develop life-long interests and help build self-confidence and a desire to contribute to the community.

GOVERNANCE

The Governors, who are also the Directors and the Charity trustees, are responsible for the overall management and control of Warwick Independent Schools Foundation and meet twice a year. Subsidiary Management Committees of Governors have been established for each of the three schools and Governors are asked to serve on at least two of these Committees each of which meet three times a year.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

As at 31 July 2005, membership of the three Management Committees was as follows:

Warwick	King's High School	Warwick Preparatory School
Mr R V Cadbury	Mr R V Cadbury	Mr R V Cadbury
Mr R M Dancey	Mr R M Dancey	Mrs J A Edwards
Mr CCL Davis	Mr CCL Davis	Mrs P A Goddard
Mrs P A Goddard	Mrs J A Edwards	Dr J M Henderson
Mr R J Grant	Mr R J Grant	Mrs S J James
Mr D E Hanson	Mr D E Hanson	Mrs C Jennings
Mrs M B Haywood	Mrs M B Haywood	Dr J P Khan
Dr J M Henderson	Prof E W Ives	Mr M J Kinson
Prof E W Ives	Mrs S J James	Dr T W Leggatt
Mrs C Jennings	Dr J P Khan	Mrs J Marshall
Dr T W Leggatt	Mr M J Kinson	Prof J F McEldowney
Mrs J Marshall	Dr T W Leggatt	Mrs A Mellor
Prof J F McEldowney	Mrs J Marshall (Chairman)	Mrs E Moloney
Mrs A Mellor	Prof J F McEldowney	Mrs V M Phillips (Chairman)
Mrs V M Phillips	Mrs E Moloney	Mrs S M Rhodes
Mrs S M Rhodes	Mrs V M Phillips	Mr K C K Scott
Mr K C K Scott	Mr K C K Scott	Brig M J F Stephens
Prof M L Shattock	Prof M L Shattock	Mr N F J Thurley
Brig M J Stephens (Chairman)	Brig M J F Stephens	Prof R H Trigg
Mr I Thorpe	Mr I Thorpe	Mrs A White
Mr N F J Thurley	Mr N F J Thurley	Mr R J Wyatt
Prof R H Trigg	Prof R H Trigg	
Mrs A White		
Mr R J Wyatt		

Members of the Finance and Policy Committee, who meet three times a year, carry out the work of implementing the Board's policies. At their November meeting, they also approve the annual report and accounts. The Finance and Policy Committee works under the chairmanship of the Chairman of Governors. Its membership is listed below:

Mr R V Cadbury (Chairman)	Mrs V M Phillips
Dr T W Leggatt	Mr K C K Scott
Mrs J Marshall	Brig M J F Stephens
Prof J F McEldowney	Prof R H Trigg

The Board has set up an Investment Committee reporting to the Finance and Policy Committee to ensure the safe and effective investment of the Charity's funds. Membership of the Investment Committee is listed below:

Mr R V Cadbury	Mr K C K Scott (Chairman)
Mr P G Butler (resigned 23/12/04)	Mr N F J Thurley

Each School has also established a Buildings Development Committee, chaired by the Chairman of that School's Management Committee, which meets as and when required.

The day-to-day running of the Schools is delegated to the Heads of each School and their respective Senior Management Teams. The Heads attend the Management Committee and Buildings Development Committee meetings for their own school and they all attend the Finance and Policy Committee meetings.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

Warwick School

In the year Warwick School had 842 (2004: 848) boys in the Senior School of whom 44 (2004: 41) were boarders and 230 (2004: 230) boys in the Junior School. Numbers for the following year are at a similar level and Governors are confident that the total numbers in the School can be maintained for the foreseeable future. Academic standards have continued at their high level and GCSE results for 2005 were again significantly ahead of those for 2004. At A-level (excluding General Studies) 76% (2004: 74%) of passes were Grades A and B; at GCSE 74% (2004: 65%) of passes were Grades A* and A.

King's High School

In the year King's High School had 568 (2004: 547) daygirls. Numbers for next year are expected to be at a similar level. It is planned to increase the School size to around 600 pupils over the next 6 years. Academic standards have remained at a very high level with the 2005 results being the highest ever achieved. At A-level (excluding General Studies) 87 % (2004: 82%) of passes were at Grades A and B; at GCSE 81 % (2004: 82%) of passes were Grades A* and A.

Warwick Preparatory School

In the year Warwick Preparatory School had 399 (2004: 408) children in the main school and 48 (2004: 48) children in the nursery. The school continues to be a popular choice amongst local parents and demand for places remains high, with waiting lists at many ages. Governors are confident that numbers can be maintained at present levels for the foreseeable future.

Pupils' progress and attainments continue to meet and often exceed expectations.

DEVELOPMENTS

A major item of work authorised for the next financial year is the refurbishment of the Middle School at Warwick Preparatory School together with the creation of a new entrance foyer, classroom and additional offices and alterations to the Upper School at an estimated cost of £1.5 million. Work on this project commenced in the Summer Holidays

Another major project taking place next financial year is the building of a new Sixth Form Centre and Classrooms at Kings High School for Girls. The estimated cost for the total project is £2.9 million and it is hoped to bring it into use in time for the start of the Autumn term 2006.

Finally it is planned work will commence on the building on a new Science Building at Warwick School. This is a very significant project with a total budget of £6.1 million. Enabling works, consisting of the building of two new caretaker cottages, was in progress at the year-end.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

FINANCIAL ACTIVITIES AND RESULTS

Net income for the financial year of £2,124,000 was some 12% ahead of last year and broadly in line with the targeted percentage of the fee income required to implement the Schools' development plans.

Tuition fees in Warwick School and Warwick Preparatory School were increased by 5.5% and in King's High School by 6% matching the increase in underlying costs. Given a small net increase in pupil numbers this has led to an overall increase of 6% in total School fees income compared to last year.

The Charity is helped considerably each year through the receipt of charitable income from The King Henry VIII Endowed Trust, Warwick and The Charity of Sir Thomas White, Warwick. This income is allocated to Bursary funds and enables Governors to fund the bursaries and awards referred to in the comments on Public Benefit.

A number of activities are now carried out through Warwick Schools Enterprises Limited, a wholly owned subsidiary company, and these contributed £65,000 (2004: £31,000) towards the Schools' Incoming Resources.

INVESTMENT POWERS, POLICY AND PERFORMANCE

Under the Charity's Memorandum and Articles of Association the Trustees have wide powers to invest in such securities or property as they may think fit subject to the appropriate legal considerations. In practice the Board of Governors has appointed an Investment Committee to make such decisions on its behalf and Morgan Stanley Quilter have been appointed to advise the Investment Committee.

The Board's investment policy is to invest funds so as to generate long-term capital growth which in turn assumes that expenditure out of these funds should be below the income generated. Funds are allocated to fixed interest stocks, UK equities, unit and investment trusts and cash to give a balanced exposure through a low to medium risk portfolio.

The Charity's investments have continued to be managed in conformity with this policy. Performance is measured against the FTSE International Private Investor Balanced index. In the financial year to 31 July 2005 the total return generated by the Charity's portfolio was 18 % compared with 20 % for the benchmark index. The return from the FTSE All Share Index over this period was 25 %. The relative under performance by the Charity's portfolio reflects a higher weighting in fixed interest stocks (where the return for the year was 10%) than in the benchmark portfolio.

RESERVES

Note 11 to the accounts shows the assets and liabilities attributable to the various funds by type and also describes the various trusts of the Charity and summarises the period's movement on each fund.

The Directors regularly review the level and nature of the reserve funds of the School. The Directors have invested substantial funds in the development of school buildings in recent years and have designated a separate Building Development Fund to earmark funds set aside for future developments. Free reserves show a £117,000 deficit and are lower than the Directors would wish to see in the longer term. However, the Directors are satisfied that external finance facilities would be able to provide an additional and adequate safety net if it should be required.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

PUBLIC BENEFIT

As in previous years the Governors have continued to commit significant sums in support of their Award Making Policy. In total £1,222,000 (2004: £1,076,000) was spent on scholarships, bursary awards, grants and prizes. Of this amount £793,000 (2004: £705,000) related to Warwick School benefiting 197 (2004: 189) pupils and £409,000 (2004: £361,000) related to King's High School benefiting 88 (2004: 87) pupils. Thus in the two senior schools one in five pupils receives some form of financial assistance. The Foundation Award Scheme, which was introduced in 1997, is a means tested scheme and enables Governors to widen access to as broad a group of pupils as possible. Parental contributions are lower for those living within the old Borough of Warwick and in some instances free places are given. The Schools also operate scholarship schemes that are awarded on academic merit, although this will change from next year when the amount awarded for scholarships will also become means tested. It is not intended that this will reduce the overall level of finance support made available but will be used as an opportunity to increase the number of pupils able to receive financial assistance.

All Schools in the Foundation have established strong links with the local community and share sports and educational facilities with local maintained schools and members of the public. In the year under review some 70 different organisations used the Foundation's facilities in one form or another. The Bridge House Theatre and Guy Nelson Hall, for example, have hosted such diverse organisations as Warwickshire Symphony Orchestra, Warwick Arts Society, City of Coventry Youth Orchestra, Warwick Folk Festival, Youth Music Theatre, Myton School, RNLI, Warwickshire Fusiliers and North Leamington School amongst many others. Local schools and charities are offered these facilities at a significant discount.

The two senior Schools have participated in an Independent State School Partnership with 7 local Warwick Schools and will be doing so again in the next financial year. It was the largest scheme of its kind in the country and was aimed at improving standards in English at Key Stage 2 and at A* and A grade at GCSE. In addition the Partnership was seeking to increase standards at A* and A grade in GCSE IT.

On 17 March 2005 Warwick School hosted a programme entitled Science for the 21st Century Initiative. This was a collaborative programme between state and independent schools aimed at encouraging sixth form students to engage in science beyond the scope of A-level courses. Over 900 sixth formers from around the country attended the event, which was the first interactive sixth form science event for students and teachers in the UK.

In collaboration with Aylesford and Myton Schools Easter revision courses were offered for students at all three schools aimed at GCSE, AS and A2 level pupils. Approximately 130 pupils from the state schools attended classes at Warwick School.

Pupils at the Schools are involved in many local charitable endeavours including helping out at local elderly people's homes, in the Baptist Church and at local primary schools and nurseries. Fundraising for local causes also features prominently in the Schools' activities for charity.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

DIRECTORS' REPORT

RISK MANAGEMENT

The Directors are responsible for the management of the risks faced by the Charity. Detailed considerations of risk are delegated to the Finance and Policy Committee, who are assisted by the Senior Management Teams. Risks are identified, assessed, and controls established throughout the year. A formal review of the Charity's risk management processes is undertaken on an annual basis.

The key controls used by the Charity include:

- Formal agendas for all Committee and Board activity;
- Detailed terms of reference for all Committees;
- Comprehensive strategic planning, budgeting, and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels.

Through the risk management processes established for the Schools, the Directors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Horwath Clark Whitehill LLP as auditors to the company will be put to the annual general meeting.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

FOR THE YEAR ENDED 31 JULY 2005

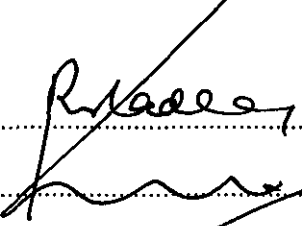
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs at the year end and of the surplus or deficit of the company for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

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

Approved by the Board of Directors of Warwick Independent Schools Foundation on 9th December 2005 and signed on its behalf by:


..... (DIRECTOR)


..... (DIRECTOR)

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
WARWICK INDEPENDENT SCHOOLS FOUNDATION**

We have audited the financial statements of Warwick Independent Schools Foundation for the year ended 31 July 2005, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes set out on pages 14 to 25. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 to 16.

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

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 8.

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

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

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

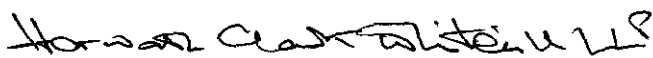
Basis of opinion

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

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

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 July 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and Registered Auditors
9 December 2005

St Brides House
10 Salisbury Square
London EC4Y 8EH

WARWICK INDEPENDENT SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income & Expenditure Account)

FOR THE YEAR ENDED 31 JULY 2005

	Notes	Unrestricted Funds		Restricted Funds	Endowed Funds	Total Funds	Total Funds
		Schools	Other			2005	2004
		£'000	£'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES							
Charitable activities							
School fees	2	15,438	-	-	-	15,438	14,563
Other income	3	1,204	-	-	-	1,204	1,057
Bank & other interest		355	-	-	-	355	225
Other activities to generate funds	3	71	29	-	-	100	94
Income from subsidiary	15	65	-	-	-	65	27
Investment income	4	-	259	15	-	274	226
Charitable income and donations		39	521	-	-	560	572
Total Incoming		<u>17,172</u>	<u>809</u>	<u>15</u>	<u>-</u>	<u>17,996</u>	<u>16,764</u>
RESOURCES EXPENDED							
Costs of generating funds		128	24	-	-	152	91
Charitable expenditure							
Teaching		10,337	-	-	-	10,337	9,849
Welfare		943	-	-	-	943	887
Premises		2,488	-	-	27	2,515	2,239
Support costs		1,830	-	-	-	1,830	1,717
Grants, awards & prizes		-	-	17	-	17	17
Management & administration		94	7	-	-	101	66
Total Expended	6	<u>15,820</u>	<u>31</u>	<u>17</u>	<u>27</u>	<u>15,895</u>	<u>14,866</u>
Net incoming/(outgoing) resources before transfers		1,352	778	-2	-27	2,101	1,898
Transfers between funds		<u>-1,352</u>	<u>1,352</u>	<u>2</u>	<u>-2</u>	<u>-</u>	<u>-</u>
			2,130	-	-29	2,101	1,898
Realised investment gains			<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>-13</u>
NET INCOME FOR THE YEAR			2,153	-	-29	2,124	1,885
Unrealised investment gains			<u>612</u>	<u>-</u>	<u>102</u>	<u>714</u>	<u>139</u>
NET MOVEMENT IN FUNDS			2,765	-	73	2,838	2,024
Balance brought forward at 1 August 2004			31,110	571	2,518	34,199	32,175
Transfer between funds	11b		-	-571	571		
FUND BALANCES at 31 July 2005			<u>33,875</u>	<u>-</u>	<u>3,162</u>	<u>37,037</u>	<u>34,199</u>

The notes on pages 14 to 25 form part of these accounts.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

BALANCE SHEET

AT 31 JULY 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets for operational use	7	23,424	23,388
Investments	8	<u>7,611</u>	<u>6,337</u>
		31,035	29,725
CURRENT ASSETS			
Stocks		-	2
Debtors	9	768	723
Cash		<u>7,528</u>	<u>5,470</u>
		8,296	6,195
CREDITORS: due within one year	10	<u>2,294</u>	<u>1,721</u>
NET CURRENT ASSETS		<u>6,002</u>	<u>4,474</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,037	34,199
CREDITORS: due after more than one year			
Taxes & Social Security Costs		<u>-</u>	<u>-</u>
TOTAL NET ASSETS	11	<u>37,037</u>	<u>34,199</u>
ENDOWED FUNDS	11a	3,162	2,518
RESTRICTED FUNDS	11b	-	571
UNRESTRICTED FUNDS			
Designated & general funds	11c	<u>33,875</u>	<u>31,110</u>
TOTAL FUNDS		<u>37,037</u>	<u>34,199</u>

Approved by the Board on 9th December 2005
and signed on its behalf by:

..... DIRECTOR
..... DIRECTOR

The notes on pages 14 to 25 form part of these accounts.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2005

	Notes	£'000	2005 £'000	2004 £'000
NET CASH INFLOW FROM OPERATIONS	19		2,522	1,600
RETURNS ON INVESTMENT AND SERVICING OF FINANCE				
Investment income & bank interest			629	451
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payment for tangible fixed assets		-		-245
(Increase) in buildings in progress		-556		-
Payment for equities		-390		-529
Payment for COIF		-		-4
Payment for gilt edged securities		-101		-156
(Increase) in bank deposits		-516		-175
Proceeds from sale of equities		288		310
Proceeds from sale of fixed interest securities		182		156
			<u>-1,093</u>	<u>-643</u>
NET CASH INFLOW/(OUTFLOW)			2,058	1,408
FINANCING				
Loans repaid			<u>-</u>	<u>-</u>
NET CASH INFLOW/(OUTFLOW) FOR THE YEAR	20		<u>2,058</u>	<u>1,408</u>

Note

Charity Law requires separate administration of the cashflow of endowed and other restricted funds of the Charity. This constraint has not adversely affected group cashflows as stated above.

The notes on pages 14 to 25 form part of these accounts.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2005

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of accounting

The accounts of the Charity and the Company are prepared in accordance with the Companies Act 1985 and applicable accounting standards as modified by the Charities (Accounts and Reports) Regulations 2000 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued in October 2000 (the Charities SORP). The accounts are drawn up on the historical cost accounting basis except that investment assets are carried at market value. The paragraphs below describe the specific policies adopted for the recognition of significant categories of incoming resource and expenditure.

The Charity became the corporate trustee of the Trust on 29 August 2001 and the accounts, therefore, include the Trust as a subsidiary charity for the accounting period commencing 1 September 2001.

Under the Charity Commission Scheme of 29 August 2001 all trust funds other than the Trust's permanent endowment of the school's land were transferred to the new charity known as Warwick Independent Schools Foundation, as property of the Company, and the Trust itself was made a subsidiary charity of the Company as its corporate trustee.

(b) Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are net of Scholarships, Bursaries and Allowances.

(c) Charitable income and donations

Charitable income and donations received for the general purposes of the Charity are credited to "other unrestricted funds" to distinguish them from direct school income. Grants given for specific purposes are treated as income in the year of receipt and are taken to "restricted funds". Unspent restricted income is included under restricted funds as it is fully committed. Income received from the charities of The King Henry VIII Endowed Trust, Warwick and Sir Thomas White is accounted for on a receivable basis.

(d) 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. Teaching, welfare and premises costs are derived from activities classified in cost departments which are directly for the pupils' benefit. Support costs are the cost of administration of the organisation. Management and administration costs relate to the statutory management costs of the charity. The irrecoverable element of VAT is included with the item of expense to which it relates. Liabilities are recognised where there is a legal or constructive obligation committing the Charity to the expenditure.

(e) Operating leases

Rentals payable are charged on a time basis over the lease term.

(f) Pension schemes

The Schools participate in a multi-employer pension scheme, the Government's Teachers Pension Defined Benefits Scheme, for their teaching staff. The pension liability is the responsibility of the Teachers Pension Scheme. As a result, it is not possible to identify the assets and liabilities of the scheme that are attributable to the Schools. Accordingly, under FRS17 the scheme is accounted for as if it were a defined contributions scheme.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

1. STATEMENT OF ACCOUNTING POLICIES - continued

(f) Pension schemes (continued)

The Charity also participates in a multi-employer pension scheme, the Local Government Pension Scheme, for its non-teaching staff which is administered by Warwickshire County Council. The company is able to identify its share of the underlying and liabilities in the scheme on a consistent and reasonable basis. Accordingly the scheme is treated as a defined benefit scheme under FRS 17. The company has taken advantage of the transitional disclosure arrangements set out in FRS17.

(g) School buildings and equipment

Capitalisation and replacement

The original land and buildings endowed to the Schools together with all subsequent additions recorded by the Trust were professionally re-valued as at 31 August 2001. On 1 September 2001, all land and buildings, other than the original endowed property, were transferred to the Charity. In these accounts these transfers are treated as being at cost to the Charity. The Charity is also responsible for keeping the original building in fit and useful condition and these costs are written off as incurred.

Buildings improvements and extensions and furniture and equipment costing more than £5,000 are capitalised and carried in the balance sheet at historical cost.

Depreciation

Depreciation is not provided on freehold land. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount evenly over the estimated useful economic lives of each class of asset, subject to annual review.

These rates are currently as follows:

Buildings (excluding sports associated constructions)	50 years
Sports associated constructions	20 years
Furniture & equipment	3 years
Motor vehicles	4 years

(h) Stock

Stock is carried at the lower of cost and net realisable value.

(i) Investments

Investments are stated at market value.

Unit trust investments are stated at mid-market price.

Realised gains and losses on investments, calculated as the difference between the sale proceeds and their market value at the start of the period, or subsequent cost, are credited or charged to the SOFA in the period of gain or loss.

Unrealised gains and losses representing the movement in market values during the period are credited or charged to the SOFA in the period of gain or loss.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

1. STATEMENT OF ACCOUNTING POLICIES - continued

(j) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general object of the Charity. Unrestricted funds are identified as either Designated Funds or General Funds. Designated Funds represent funds that the Trustees have set aside for defined purposes. Certain elements of the Designated Bursary Funds are subject to restrictions set out in the Memorandum and Articles of Association. Each Designated Fund is disclosed separately in the notes to the financial statements. There is a commitment to use these monies in future years, as designated. General Funds represent accumulated surpluses/deficits to date, after transfers to Designated Funds.

Restricted Funds are subject to specific restrictions imposed by donors.

The Endowment Funds are permanent endowment funds, ie the donors have stated that the funds are to be held as capital.

(k) Subsidiary undertakings

The Charity owns the whole of the share capital of Warwick Schools Enterprises Limited. In the opinion of the Governors the activities of the company are not material in the context of the overall accounts and therefore consolidated accounts are not prepared. The company results and net assets position at the balance sheet date are set out in note 15. The Charity also owns the whole of the share capital of Campus Library Services Limited, which was dormant throughout the financial period.

2. FEES RECEIVABLE

	2005	2004
	£'000	£'000
Fees	16,907	15,857
Less Scholarships, Bursaries and Allowances	1,469	1,294
	<u>15,438</u>	<u>14,563</u>

3. OTHER INCOME

	2005	2004
	£'000	£'000
Charitable Activities		
Entrance and registration fees	40	45
Insurance commissions	33	31
Music tuition fees	373	340
Summer School	92	81
School Trips	545	493
Other	121	67
	<u>1,204</u>	<u>1,057</u>
Other activities to generate funds		
Letting of Premises & Function Catering	71	66
Rental of Domestic Properties	29	28
	<u>100</u>	<u>94</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

4. INVESTMENT INCOME

	Unrestricted £'000	Restricted £'000	2005 Total £'000	2004 Total £'000
UK Fixed Interest	34	-	34	40
UK Equities	72	1	73	61
Unit Trusts	33	4	37	38
COIF Funds	5	10	15	15
Bank Interest	115	-	115	72
	<u>259</u>	<u>15</u>	<u>274</u>	<u>226</u>

5. EXPENDITURE

	2005 £'000	2004 £'000
Charitable expenditure includes:		
Auditors' remuneration		
For audit	28	27
For other services	-	-
Governors' Liability Insurance	2	3
Depreciation	520	523
	<u> </u>	<u> </u>
	2005	2004
	£'000	£'000
Total staff costs comprised:		
Wages and salaries	9,166	8,560
Social security costs	700	657
Pension contributions	979	911
Compensation for Loss of Office	31	89
	<u>10,876</u>	<u>10,217</u>

The average number of employees in the year was 331 (2004 – 325) of which 182 (178) were teaching staff. Neither the governors nor persons connected with them received any remuneration or other benefits from the Schools or any connected organisation. Travelling expenses amounting to £464 (2004 - £1,696) were reimbursed to seven governors (2004 – three).

The number of higher paid employees was:

	2005	2004
£50,000 - £60,000	3	3
£60,000 - £70,000	2	3
£70,000 - £80,000	1	1
£80,000 - £90,000	<u>1</u>	<u>1</u>

All the above higher paid employees are accruing benefits under Defined Benefit Schemes.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

2005	Staff Costs £'000	Other £'000	Depreciation £'000	2005 Total £'000	2004 Total £'000
Costs of generating funds					
Other Activities	0	71	9	80	91
Development Office	<u>12</u>	<u>60</u>	<u>0</u>	<u>72</u>	<u>0</u>
	12	131	9	152	91
Charitable activities					
Teaching	8,884	1,449	4	10,337	9,849
Welfare	472	471	-	943	887
Premises	701	1,307	507	2,515	2,239
Support costs					
School costs	807	480		1,287	1,222
School trips		543		543	495
Total	807	1,023	-	1,830	1,717
Prizes & other awards	-	17	-	17	17
Management & administration	-	101	-	101	66
	<u>10,876</u>	<u>4,499</u>	<u>520</u>	<u>15,895</u>	<u>14,866</u>

7. TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Furniture & Equipment £'000	Motor Vehicles £'000	Assets in Course of Construction £'000	Total £'000
COST					
At 1 August 2004	24,871	682	74	20	25,647
Additions	-	-	-	556	556
Reclassification	-	-	-	-	-
At 31 July 2005	<u>24,871</u>	<u>682</u>	<u>74</u>	<u>576</u>	<u>26,203</u>
DEPRECIATION					
At 1 August 2004	1,507	682	70	-	2,259
Charge for year	516	-	4	-	520
At 31 July 2005	<u>2,023</u>	<u>682</u>	<u>74</u>	<u>-</u>	<u>2,779</u>
NET BOOK VALUES					
At 31 July 2005	<u>22,848</u>	<u>-</u>	<u>-</u>	<u>576</u>	<u>23,424</u>
At 31 July 2004	<u>23,364</u>	<u>-</u>	<u>4</u>	<u>20</u>	<u>23,388</u>

Included in the net book value of land and buildings is £2,155,340 (2004: £2,266,770) in respect of long leasehold buildings.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

8. INVESTMENTS

	Unrestricted Designated £'000	Endowed Funds £'000	Total £'000
Balance at 1 August 2004	5,766	571	6,337
Additions	491	-	491
Disposals at opening market value	-447	-	-447
Movements in cash deposits	518	-2	516
Unrealised gains/(losses)	612	102	714
Balance at 31 July 2005	<u>6,940</u>	<u>671</u>	<u>7,611</u>
 Listed on the Stock Exchange	 4,515	 610	 5,125
Cash deposits	<u>2,425</u>	<u>61</u>	<u>2,486</u>
 Listed Securities Comprise:			
UK Fixed Interest	703	-	703
UK Equities	2,409	38	2,447
Unit Trusts	1,254	270	1,524
Balanced Growth Funds	149	302	451
	<u>4,515</u>	<u>610</u>	<u>5,125</u>

9. DEBTORS

	2005 £'000	2004 £'000
Fees	176	170
Prepayments	204	108
Amount due from subsidiary undertaking	119	87
VAT	20	26
Accrued Charitable Income	<u>249</u>	<u>332</u>
	<u>768</u>	<u>723</u>

Included within Amount due from subsidiary undertaking is £27,000 falling due after more than one year.

10. CREDITORS due within one year.

	2005 £'000	2004 £'000
Fees received in advance	407	419
Trade creditors	544	92
Taxation and social security	238	-
Capital expenditure	11	94
Other creditors and accruals	416	477
Salaries	<u>678</u>	<u>639</u>
	<u>2,294</u>	<u>1,721</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

11. NET ASSETS OF THE FUNDS OF THE CHARITY

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

	Fixed Assets	Investments	Net Current Assets	Long Term Liabilities	Total
	£'000	£'000	£'000	£'000	£'000
Endowed funds	2,491	671	-	-	3,162
Restricted funds	-	-	-	-	-
Unrestricted funds					
- Bursary funds	1,579	6,725	249	-	8,553
- other	19,354	215	5,753	-	25,322
	<u>23,424</u>	<u>7,611</u>	<u>6,002</u>	<u>-</u>	<u>37,037</u>

11a ENDOWED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 August 2004	Incoming Resources	Resources Expended	Transfers & Investment Losses	Balance 31 July 2005
	£'000	£'000	£'000	£'000	£'000
Exhibitions & prizes fund	-	-	-	199	199
Legacy funds	-	-	-	472	472
Fixed assets fund	2,518	-	-27	-	2,491
	<u>2,518</u>	<u>-</u>	<u>-27</u>	<u>671</u>	<u>3,162</u>

Legacy, Exhibitions & Prizes – These Funds represent the capital value of amounts originally donated for the purpose of generating income to be distributed as prizes and awards.

Fixed Assets - The Endowed funds represent the value at 29 August 2001 of land and buildings originally endowed to the schools of the Charity .

11b RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 August 2004	Incoming Resources	Resources Expended	Transfers & Investment Losses	Balance 31 July 2005
	£'000	£'000	£'000	£'000	£'000
Exhibitions & prizes fund	173	6	-6	-173	-
Legacy funds	398	9	-11	-396	-
	<u>571</u>	<u>15</u>	<u>-17</u>	<u>-569</u>	<u>-</u>

Exhibitions & Prizes – The income from the investments forming these funds is to provide contributions towards specific prizes and exhibitions given to pupils who are attending or have recently left the schools of the Charity.

Legacy – The income of the investments forming these funds is to provide benefits to pupils in accordance with the wishes of the legator.

Exhibitions & Prizes and Legacy funds were reclassified as permanent endowment funds in the year, following a review of associated files.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

11c. UNRESTRICTED FUNDS

	Balance at 1 August 2004 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers & Investment Losses £'000	Balance 31 July 2005 £'000
Designated Funds					
Bursary Fund					
Warwick School	3,667	165	-	585	4,417
King's High School	2,187	89	-	281	2,557
Fixed Asset loans	1,822	-	-	-243	1,579
Fixed assets	19,048	-	-493	799	19,354
Building Development Funds	3,870	-	-	2,020	5,890
Fundraising	-	10	-	-	10
Repairs & Maintenance Fund	41	29	-24	-	46
Pension Contingency	154	-	-	-15	139
Unrestricted Funds					
Free Reserves	321	17,688	-15,334	-2,792	-117
	<u>31,110</u>	<u>17,981</u>	<u>-15,851</u>	<u>635</u>	<u>33,875</u>

Bursary Funds – These funds enable the Governors to provide such number of free and assisted places in the Schools of the Charity as they shall determine, for the benefit of pupils who are in need of financial assistance. Funds may be used to advance loans to the Schools to assist in the purchase of fixed assets. Interest rates and repayment periods for such loans are based on commercial terms.

Building Development Funds– These funds are set aside for future building developments.

Fundraising- These funds are accumulated as a result of campaign ran by the schools Development office.

Fixed Assets – These represent the net book value of the unendowed assets available for use by the Charity, excluding assets funded out of Bursary Funds.

Repairs and Maintenance Fund – This fund is being accumulated from net rental income to finance future repairs and maintenance.

Pension Contingency – These funds are set aside to provide for the contingent costs of possible early retirement of teaching staff.

12. CAPITAL COMMITMENTS

	2005 £'000	2004 £'000
Authorised and contracted for		
Caretakers Lodge, Warwick School	175	-
Sixth Form Centre & Classrooms, King's High School	2,500	-
Middle School Development, Warwick Preparatory School	1,500	-
Authorised but not yet contracted for		
Science Block, Warwick School	6,000	-
Caretakers Lodge, Warwick School	<u>-</u>	<u>150</u>

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

13. OPERATING LEASE COMMITMENTS

At 31 July 2005, the Charity had the following annual commitments under non-cancellable operating leases:

	Property		Vehicles	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	0	0	5	5
Within two to five years	17	15	10	11
After five years	36	30	0	0

14. TAXATION

No corporation tax has been provided for in these accounts because income of the Charity is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. The Charity has borne VAT on its expenditure where appropriate.

15. WHOLLY OWNED SUBSIDIARY COMPANIES

The Charity holds a 100% interest in a trading company, Warwick Schools Enterprises Limited, with the Charity receiving any surpluses earned by the company as a covenanted donation.

The financial statements of the company for the year ended 31 July 2005; which are not consolidated with the Charity's financial statements, showed the following position:

Balance Sheet	2005	2004
	£'000	£'000
Fixed Assets	2	3
Current Assets		
Stock	33	34
Debtors	62	21
Cash	91	51
	186	106
Creditors: Amounts falling due within one year	148	70
	38	36
Creditors: Amounts falling due after one year	27	30
Total Net Assets	13	9
Capital and Reserves		
Called up share capital	-	-
Profit and loss account (below)	13	9
	13	9
Profit and Loss Account		
Turnover	355	325
Operating costs	286	293
Profit from continuing activities	69	32
Covenanted donation gross	65	27
Balance carried forward	4	5

The Charity also holds a 100% interest in Campus Library Services Limited, which was dormant throughout the financial period.

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2005

16. RELATED PARTY TRANSACTIONS

In September 2002 the Charity had granted a £75,000 loan facility to Warwick Schools Enterprises Limited at a 6% rate of interest repayable over 10 years. At 31 July 2005 the balance outstanding on this loan was £29,433 (2004 £33,109). The Charity also recharged operating costs of £148,000 (2004: £142,000) during the financial year in respect of time spent by the Charity's staff on the subsidiary's business, a proportion of the running costs of the premises let and a licence fee.

17. CONNECTED CHARITY

Warwick Scholarship Trust, a registered charity and company limited by guarantee, was incorporated on 27 June 2003. The objects of the charity are to further the education of children by awarding scholarships, bursaries and other financial assistance to persons under the age of 19 who attend any of the schools of Warwick Independent Schools Foundation and who are in need of financial assistance. The Memorandum and Articles provide that Warwick Independent Schools Foundation must appoint 7 out of the 9 trustees. Accordingly the Governors consider that Warwick Scholarship Trust is a connected charity. However, no material financial transactions had taken place by 31 July 2005 and therefore consolidated accounts have not been prepared.

18. PENSION SCHEMES

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

In accordance with the Teachers' Pension (Amendment) Regulations, based on the latest actuarial valuation of the scheme issued in March 2003, the scheme has been attributed with notional assets equal to the actuarial value of the scheme liabilities as at 31 March 2001.

Following this valuation the standard contribution rate was raised from 14.35% to 19.5% from 1 April 2003, 6% to be paid by the teachers and the remaining 13.5% borne by the Schools.

The pension charge for the year includes contributions payable to the scheme of £826,000 (2004: £783,000).

Other members of staff are entitled to belong to the Warwickshire County Council Pension Fund, a multi-employer defined benefit scheme operated within the Local Government Scheme, to which contributions are made by both employees and the employer. The basis of contribution to the Scheme is calculated according to the advice of the Scheme actuary. The cost of providing such pensions is charged on a systematic basis over the average remaining service life of the members.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2005

The last full actuarial valuation of the Scheme was carried out on the effective date of 31 March 2004 when the assets of the Scheme were not deemed sufficient to cover its accrued liabilities. The employers have accordingly amended their rate of contribution to the scheme in line with advice from the actuary. The market value of the Scheme's assets at 31 March 2004 was £670 million. The next actuarial review will be as at 31 March 2007.

	Past Service	Future Service
Investment Return – pre retirement	7.1%	6.5%
- post retirement	5.6%	6.5%
Rate of pensionable pay inflation	4.55%	4.25%
Rate of price inflation	2.8%	2.5%

	31 July 2005 £'000	31 July 2004 £'000
Total market value of assets	3,863	3,037
Present value of scheme liabilities	4,766	3,751
(Deficit) in Scheme	-903	-714

	2005	2004	2003	2002
	%	%	%	%
Rate of increase in salaries	4.45	4.3	4.0	3.9
Rate of increase in pensions in payment	2.7	2.8	2.5	2.4
Discount rate	5.0	5.5	5.5	5.6
Inflation assumption	2.7	2.8	2.5	2.4

	31 July 2005		31 July 2004		31 July 2003	
	Fair	Expected	Fair	Expected	Fair	Expected
	value	rate of	value	Rate of	value	Rate of
	£'000	return	£'000	return	£'000	return
		%		%		%
Equities	2,901	7.5	2,296	7.5	2,025	7.5
Government bonds	340	4.4	334	5.0	379	4.7
Other bonds	541	5.0	231	5.7	105	5.5
Property	-	6.5	-	6.5	-	6.5
Other	81	4.75	176	4.5	177	3.75
Total	<u>3,863</u>		<u>3,037</u>		<u>2,686</u>	

WARWICK INDEPENDENT SCHOOLS FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

18. PENSION SCHEMES - continued

Analysis of movement in deficit in the Scheme relating to Warwick Independent Schools Foundation during the period

	31 July 2005 £'000	31 July 2004 £'000
Deficit in the Scheme at beginning of year	-714	-606
Contributions Paid	151	126
Current service cost	-227	-233
Past service cost	0	0
Net interest/Return on assets	3	-2
Actuarial gain (loss)	-116	1
	<u>-903</u>	<u>-714</u>
Deficit in the Scheme at end of year	-903	-714

Analysis of the amount charged to other income

	2005 £'000	2004 £'000
Expected return on pension scheme assets	218	185
Interest on pension scheme liabilities	-215	-187
Net charge	<u>3</u>	<u>-2</u>

Employers' contributions for the period to 31 July 2005 were £151,000 (2004: £126,000). The current contributions are made at a rate of 12.7% of pensionable pay. The scheme is open to new members.

19. RECONCILIATION OF SURPLUS BEFORE APPROPRIATIONS TO NET CASH FLOW FROM OPERATIONS

	2005 £'000	2004 £'000
Net incoming resources	2,101	1,898
Interest receivable	-629	-451
Mortgage interest	-	-
Depreciation	520	523
Loss on disposal	-	-
Increase/(decrease) in creditors	573	-358
(Increase) in debtors	-45	-12
Decrease in stock	2	-
	<u>2,522</u>	<u>1,600</u>

20. ANALYSIS OF CHANGES IN NET CASH RESOURCES OF THE COMPANY

	2005 £'000	2004 £'000
Balance 1 August 2004	5,470	4,062
Net cash (outflow)/inflow for the year	2,058	1,408
Balance 31 July 2005	<u>7,528</u>	<u>5,470</u>