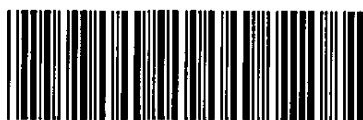


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**CATZ Club trading as Schoolfriendetc  
(A Company Limited by Guarantee)  
Financial Statements  
For the year ended 30 September 2007**

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**Company no: 4532340**

**Charity no: 1112772**

# **CATZ Club trading as Schoolfriendetc**

## **Report of the Trustees**

### **For the year ended 30 September 2007**

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The trustees present their report and the audited financial statements for the year ended 30 September 2007.

#### **Reference and administrative details**

<b>Charity number</b>	1112772
<b>Company number</b>	4532340
<b>Principal Office</b>	4 Daleham Mews London NW3 5DB
<b>Board of Trustees</b>	A Mitchell (Chairman) S Bolton M Bolton
<b>Secretary</b>	S Argent
<b>Auditors</b>	Desaur LLP T/A A Desaur & Co Kingsway Business Park, Oldfield Road, Hampton, Middx., TW12 2HD
<b>Bankers</b>	Lloyds TSB Bank plc, 40 Rosslyn Hill, London NW3 1NL
<b>Solicitors</b>	Bates Wells & Braithwaite, 2 - 6 Cannon Street, London EC4M 6YH

#### **Structure, Governance and Management**

##### **Governing Document**

The organisation is a charitable company limited by guarantee, incorporated on 11 September 2002 and registered as a charity on 20 January 2006. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £10.

##### **Board of Trustees**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as the Board of Trustees. Under the requirements of the Memorandum and Articles of Association, one-third of the members of the Board of Trustees retire by rotation each year and may offer themselves for re-election at the Annual General Meeting.

##### **Organisation**

An Executive Team is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive along with the Services, Finance and Administration Managers, have delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and service delivery.

##### **Objectives and activities**

The company's objects and principal activities are to advance the education and provide for the recreation of children of school age by making facilities and services available to them during out of school hours and school holidays.

# **CATZ Club trading as Schoolfriendetc**

## **Report of the Trustees**

### **For the year ended 30 September 2007**

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#### **Performance and Financial Review**

The trustees consider that the results for the financial period are satisfactory. This has been a challenging period for the charity, as explained in more detail below, but we have persevered and believe that the difficult decisions taken during this year will ensure its long-term security.

During the current financial period, there were substantial loans outstanding in the Balance Sheet, with no matching assets to support them. Similarly, in the Profit and Loss Account, there was significant expenditure incurred, the funding for which was not apparent, as it is mainly in the form of loans. As a result, the Charity had a deficit in its reserves and therefore, it has not been possible to formulate a meaningful reserves policy for the year. All other known risks have been reviewed by the Trustees, who are satisfied that there are adequate systems and procedures in place to manage them. On this basis and given the continued support from chairman, the Charity has felt able to continue to operate.

Although the charity has incurred a loss, the chairman is continuing to provide the funding support needed to maintain the financial stability of the organisation. However, following a review of the likelihood of obtaining local or central government funding to support the trustees' aim of opening clubs in rural locations and areas of deprivation, the trustees have had to take the difficult decision to close some clubs that are not financially viable, due to low attendance.

Despite the curtailment of the club opening programme, the charity is continuing to work in partnership with many of the Local Education Authorities across England and, by the end of September 2007, we were looking after an average of over 5,500 children each week.

We have carried out studies into the main issues that affect the use of our services in areas of deprivation and these show that, in the main, price is the principle factor that prevents a parent from using one of our clubs. This means that the people currently using our clubs are those that can afford it and we are not reaching the parents for whom this could be part of a life-changing opportunity to train or study with a view to obtaining work. During 2008, we will be participating with the University of Bradford as part of their study into how social enterprise might reduce social exclusion and provide effective social and community services.

All our clubs continue to have access to the Schoolfriend.com numeracy and literacy software, which children can use at both the club and at home. The software helps the children with their maths and spelling, as well as providing access to a phonic reading programme. It allows the children to concentrate on the areas where they need focused assistance and helps to build their confidence by working at their own pace.

In June 2007, the charity announced the results of its first national book competition. The competition, to create a 'Friendship Book', was open to all of the charity's after-school, breakfast and holiday clubs and ran throughout the Autumn term 2006. It was held in a bid to promote reading and help children foster a love of books. Every child at each Schoolfriend Club produced a page for the book on the theme of friendship. The format was not restricted and submissions included poems, stories, paintings and collages. The five winning teams, selected by a panel of judges, were awarded a specially selected "Bookwise" collection for their school which consists of over one hundred story and poetry books. In addition to the book collection, every child from a winning club received an illustrated book of short stories and the clubs were presented with a certificate to display at their school. We are very grateful to the Parry Mitchell Foundation and in particular, Lady Mitchell, who sponsored the Bookwise Collections donated to the winning schools.

During the year, the charity developed a programme that follows the government's healthy eating agenda, by offering a menu of tasty and nutritious hot meals. The charity consulted with Dr Michael Gordon, from the University of Reading's Department of Food Biosciences, who advised on the new menu, which changes on a monthly basis.

The Trustees are delighted to announce that, in September 2007, the charity was highly commended as 'Best New Charity' for The Charity Times Awards 2007. The charity was recognised for its innovative solutions, impressive growth and provision of holistic childcare.

# **CATZ Club trading as Schoolfriendetc**

## **Report of the Trustees**

### **For the year ended 30 September 2007**

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#### **Disclosure of information to auditors**

Each of the trustees has confirmed that there is no information of which they are aware that is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

#### **Dividend and transfer to reserves**

No dividends are payable, as the company is limited by guarantee and has no share capital. It is proposed that the retained loss of £5,656,864 is transferred to reserves.

#### **Fixed assets**

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

#### **Trustees' responsibilities**

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the company and of the results of the company for that period. In preparing those financial statements, the trustees are required to:

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

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

#### **Close company**

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

#### **Small company disclosure**

In preparing this report the trustees have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

#### **Auditors**

Due to the decision by Finniston & Co not to continue their Practice as Registered Auditors, they had no choice but to resign as the charity's auditors. Following a selection process, Desaur LLP T/A A Desaur & Co were appointed as the charity's new auditors.

The auditors, Desaur LLP T/A A Desaur & Co, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

#### **By order of the board**

  
S Argent  
Secretary

Date: 18th December 2008

# **CATZ Club trading as Schoolfriendetc**

## **Report of the Auditors**

### **For the year ended 30 September 2007**

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We have audited the financial statements of CATZ Club which comprise the Profit and Loss Account, Balance Sheet, Statement of Financial Activities and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

This report is made solely to the trustees, 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 trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the trustees and the auditors**

As described in the Trustees' Report, the company's 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 Statement of Recommended Practice : Accounting and Reporting by Charities issued in March 2005. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

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

#### **Basis of opinion**

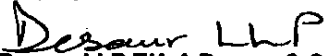
We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

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

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 30 September 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice : Accounting and Reporting by Charities issued in March 2005. The information provided in the Report is consistent with the accounts.

In forming our opinion, which is not qualified, we have considered the company's ability to continue as a going concern. The company incurred a net loss of £5,656,864 during the year ended 30 September 2007 and, at that date, the company's total liabilities exceeded its total assets by £9,917,621. These conditions, which have arisen from the receipt of loans from Futurebuilders to finance the infrastructure costs of the company and from the chairman to support the development of new clubs, might cast doubt about the company's ability to continue as a going concern. However, we are satisfied that the company will continue to receive financial support from the chairman, sufficient for its projected working capital needs.

  
**Desaur LLP T/A A Desaur & Co**  
Chartered Certified Accountants  
and Registered Auditors  
Kingsway Business Park  
Oldfield Road  
Hampton, Middx.  
TW12 2HD

**Date:** 18th December 2008

**CATZ Club trading as Schoolfriendetc**  
**Profit and loss account**  
**For the year ended 30 September 2007**

	Notes	2007 £	2006 £
<b>Turnover</b>		1,438,421	851,760
Club running costs		(4,102,477)	(2,434,529)
<b>Gross loss</b>		<u>(2,664,056)</u>	<u>(1,582,769)</u>
Administration expenses		(3,023,603)	(1,738,839)
<b>Operating loss</b>	<b>2</b>	<u>(5,687,659)</u>	<u>(3,321,608)</u>
Interest receivable		75,500	1,779
Interest payable		(44,705)	(84,265)
<b>Loss for the financial year</b>		<u><u>(5,656,864)</u></u>	<u><u>(3,404,094)</u></u>

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

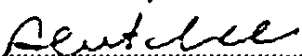
The notes on pages 7 to 9 form part of these financial statements.

**CATZ Club trading as Schoolfriendetc**  
**Balance sheet**  
**As at 30 September 2007**

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	4		60,664		67,664
<b>Current assets</b>					
Debtors	5	3,258,557		2,613,880	
Bank and cash balances		1,637,893		43,159	
		<u>4,896,450</u>		<u>2,657,039</u>	
<b>Creditors: Amounts falling due within one year</b>	6	(202,619)		(3,614,704)	
<b>Total assets less current liabilities</b>			<u>4,754,495</u>		<u>(890,001)</u>
<b>Creditors: Amounts falling due after more than one year</b>	7		(14,672,116)		(3,370,756)
			<u>(9,917,621)</u>		<u>(4,260,757)</u>
<b>Unrestricted funds</b>					
Guarantee capital	8		20		20
Profit and loss account	9		(9,917,641)		(4,260,777)
<b>Total funds</b>			<u>(9,917,621)</u>		<u>(4,260,757)</u>

In preparing these financial statements, the trustees have taken advantage of the special exemptions applicable to small companies on the grounds that the company is small.

The financial statements were approved by the board on 18th December 2008 and signed on its behalf by:

.....  ..... **A Mitchell (Chairman)**

The notes on pages 7 to 9 form part of these financial statements.

# **CATZ Club trading as Schoolfriendetc**

## **Notes to the financial statements**

### **For the year ended 30 September 2007**

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#### **1 Accounting policies**

##### **1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and the Statement of Recommended Practice : Accounting and Reporting by Charities issued in March 2005.

##### **1.2 Turnover**

Turnover represents the total invoice value, excluding Value Added Tax, of services rendered during the year.

##### **1.3 Depreciation**

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:

Club equipment	20% Reducing balance
Fixtures and fittings	20% Reducing balance

##### **1.4 Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

##### **1.5 Incoming resources**

- ◆ Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- ◆ Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- ◆ Investment income is included when receivable.
- ◆ Incoming resources from charitable trading activity are accounted for when earned.
- ◆ Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

##### **1.6 Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- ◆ Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- ◆ Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- ◆ All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage.

##### **1.6 Pensions**

Pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. These contributions are invested separately from the company's assets.



**CATZ Club trading as Schoolfriendetc**  
**Notes to the financial statements**  
**For the year ended 30 September 2007**

**2 Operating loss**

	2007 £	2006 £
The operating loss is stated after charging:		
Depreciation	15,166	8,127
Auditors' remuneration	2,938	2,938

**3 Wages and salaries**

	2007 £	2006 £
The total amount paid for wages and salaries was as follows:		
Gross pay	3,546,150	1,983,869
Temporary staff	110,177	54,711
Employer's National Insurance	197,706	121,304
	<b>3,854,033</b>	<b>2,159,884</b>

	2007 Numbers of employees	2006 Numbers of employees
The average number of staff employed during the year were:		
Part-time	410	227
Full-time	99	56

There were no employees whose emoluments exceeded £60,000 (2006: 1).

**4 Tangible assets**

	Fixtures and fittings, etc. £	Total £
<u>Cost</u>		
At 1 October 2006	97,635	97,635
Additions	8,166	8,166
At 30 September 2007	<b>105,801</b>	<b>105,801</b>
At 1 October 2006	29,971	29,971
Charge for year	15,166	15,166
At 30 September 2007	<b>45,137</b>	<b>45,137</b>
<u>Net book value</u>		
At 30 September 2007	<b>60,664</b>	<b>60,664</b>
At 30 September 2006	<b>67,664</b>	<b>67,664</b>

**5 Debtors**

	2007 £	2006 £
Trade debtors	38,057	102,019
Other debtors	3,207,750	12,750
Prepayments and accrued income	12,750	2,499,111
	<b>3,258,557</b>	<b>2,613,880</b>

**CATZ Club trading as Schoolfriendetc**  
**Notes to the financial statements**  
**For the year ended 30 September 2007**

**6 Creditors: Amounts falling due within one year**

	2007	2006
	£	£
Trade creditors	59,242	3,527,202
Other taxes and social security costs	132,904	64,398
Founders' current accounts	6,232	17,229
Accruals and deferred income	2,938	5,875
	<u>202,619</u>	<u>3,614,704</u>

**7 Creditors: Amounts falling due after one year**

	2007	2006
	£	£
Loan from the chairman	13,199,500	1,790,000
Loan from Schoolfriend	213,966	204,686
Loan from Futurebuilders	1,258,650	1,376,070
	<u>14,672,116</u>	<u>3,370,756</u>

**8 Guarantee capital**

	2007	2006
	£	£
<b>Authorised</b>		
<u>Equity interests</u>		
2 Guarantees of £10.00 each	20	20
	<u>20</u>	<u>20</u>
<b>Allotted, called up and fully paid</b>		
<u>Equity interests</u>		
2 Guarantees of £10.00 each	20	20
	<u>20</u>	<u>20</u>

**9 Profit and loss account**

	2007	2006
	£	£
Retained loss at 1 October 2006	(4,260,777)	(856,683)
Loss for the financial year	(5,656,864)	(3,404,094)
	<u>(9,917,641)</u>	<u>(4,260,777)</u>

**10 Reconciliation of movements in company's funds**

	2007	2006
	£	£
Loss for the financial year	(5,656,864)	(3,404,094)
Company's funds at 1 October 2006	(4,260,757)	(856,663)
	<u>(9,917,621)</u>	<u>(4,260,757)</u>