

THE OPEN SCHOOL TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

CONTENTS AND TRUST INFORMATION

CONTENTS

PAGE:

Report of the Council of Members	1 - 2
Auditors' Report	3
Statement of Financial Activities	4
Balance Sheet	5
Notes to the Financial Statements	6 - 9
Cash Flow Statement	10

THE COUNCIL OF MEMBERS:

Lord Young of Dartington (President)
Jim Knight (Chair)
Christopher Hope (Deputy Chair)
Guy Eastman ACA

Don Foster MP
Susan Froud (appointed 10.9.97)
Inder Gera (deceased 20.4.98)
Marcy Heywood (appointed 23.10.97)
Brian Jones (appointed 15.12.97)

COMPANY SECRETARY:

Bryn Evans

REGISTERED OFFICE:

Park Road
Dartington Hall
Totnes
Devon
TQ9 6EQ

REGISTRATION NUMBER:

2438525 (Company limited by guarantee)

CHARITY REGISTRATION NUMBER:

328414

BANKERS:

Midland Bank Plc
Totnes
Devon

AUDITORS:

Prentis & Co
Chartered Accountants
& Registered Auditors
115c Milton Road
Cambridge
CB4 1XE



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

REPORT OF THE COUNCIL MEMBERS

The Council of Members present their report and the financial statements for the year ended 31st March 1998.

COUNCIL OF MEMBERS

The members named on page 2 have served throughout the year and are also directors of the company. Appointment of members is governed by the Memorandum and Articles of the Trust. The Council of Members is authorised to appoint new members to fill vacancies through resignation or death of existing members.

INVESTMENT POWERS

The Memorandum and Articles authorises the members to make and hold investments using the general funds of the charity but no such investments are presently held.

CONSTITUTION, OBJECTS AND POLICIES

The Charitable Trust was incorporated on 1st November 1989, and its objects are that of the promotion of education for the benefit of the public.

The members manage the day to day responsibilities of the Trust, in addition to managers and support staff. Members also meet regularly to make policy decisions and to supervise the development of the Trust.

DEVELOPMENT, ACTIVITIES AND ACHIEVEMENTS

Over the past year The Open School has concentrated on the critical areas of Literacy and Numeracy. Our primary focus has been on two key learning products that support classroom assistants in their work with 5-8 years old.

SoundWorks, a literacy programme, which has had enthusiastic acceptance from both classroom assistants and teachers, and

NumberWorks, a numeracy programme, which is in its development stage and is attracting great interest. It will be tested in schools in January 1999. Distribution negotiations are in place with a leading educational publisher.

Development work on our **TeleTutoring** and **TeleWeb** services continue. These use networked communications to reach, educate and support children in their home, school or hospital. We are actively looking for a partner or partners to expand these services.

Level Best, our National Curriculum, planning guides, continue to be in demand.

FINANCIAL REVIEW

Substantial Grants and donations were received during the year which have enabled the Open School to make satisfactory progress.

Funds available in March 1998 are sufficient to allow The Open School to fund its key projects and meet its aims at the present level of operations.

FUTURE DEVELOPMENTS

The Open School is planning that 1998/1999 is to be a year of consolidation. The aim is to ensure the greatest number of children gain maximum benefit from the generous support of our grant making donors.

Key thinking is for The Open School to build on partnerships with schools, educational bodies and commercial organisations to achieve the widest use by children, and their parents and teachers, of our education products and services.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

REPORT OF THE COUNCIL MEMBERS.....CONTINUED

THE COUNCIL OF MEMBERS

Lord Young of Dartington (President) - Founder of the Consumer Association, National Extension College and other educational and social organisations including The Open School Trust.

Jim Knight (Chairman) - Member of the British Institute of Management, fellow of the RSA and education and management consultant.

Christopher Hope (Deputy Chairman) - Consultant in electronic and multimedia strategy.

Guy Eastman ACA - Director of Greenoak Capital Management Limited and several other companies.

Don Foster MP - Employment and Education Spokesman for the Liberal Democrats.

Avrille Close (resigned 10.9.97) - Education Consultant, working with schools, colleges and universities.

Douglas Close (resigned 10.9.97) - Consultant specialising in quality management. OFSTED & HEFE inspector.

Derek Esp - (resigned 6.5.97) - Chair of the Society of Education Consultants and OFSTED inspector.

Kirsteen Tait (resigned 6.5.97) - Director of the National Association for the Education of Sick Children.

Inder Gera (deceased 20.4.98) - OFSTED inspector.

The following Council Members have subsequently been appointed:

Susan Froud (appointed 10.9.97) - Fellow of the Institute of Chartered Management Accountants. Local Trustee.

Marcy Heywood (appointed 23.10.97) - Dyslexia tutor.

Brian Jones (appointed 15.12.97) - L.E.A. officer.

DIRECTOR OF THE OPEN SCHOOL TRUST

Lynette Gribble

STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

Company law requires the Council Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period.

In preparing those financial statements, the Council Members are required to:

- (i) Select suitable accounting policies and then apply them consistently.
- (ii) Make judgements and estimates that are reasonable and prudent.
- (iii) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue to fulfil its objects.

The Council Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Trust and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The Auditors, Prentis & Co will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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 Council of Members on *22nd December 1998* and signed on its behalf.


.....
B EVANS

COMPANY SECRETARY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

AUDITORS REPORT TO THE COUNCIL OF MEMBERS

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE COUNCIL OF MEMBERS AND AUDITORS

As described on page 2, the Trust's Council of Members are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 Council Members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust'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 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 Trust's affairs at 31st March 1998 and of its financial activities and net outgoing resources for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



PRENTIS & CO

CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

115c Milton Road
Cambridge
CB4 1XE

5th January 1999

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Restricted Funds 1998	Unrestricted Funds 1998	Total 1998	Total 1997
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Conversion of loan to grant	2	-	97500	97500	-
Grants	2	7480	78680	86160	103620
Sales	3	-	99310	99310	89976
Investment income	4	-	1304	1304	978
TOTAL INCOMING RESOURCES		7480	276794	284274	194574
RESOURCES EXPENDED					
Direct charitable expenditure	5	-	175805	175805	168411
Fundraising and publicity	6	-	14788	14788	18728
Management and administration of the Trust	7	-	73419	73419	70058
TOTAL RESOURCES EXPENDED		-	264012	264012	257197
NET INCOMING/(OUTGOING)					
RESOURCES FOR THE YEAR	8	7480	12782	20262	(62623)
Adjustment to restricted funds		697	(697)	-	-
Fund balance at 1.4.97		7013	(10530)	(3517)	59106
Fund balance at 31.3.98		15190	1555	16745	(3517)

STATEMENT OF RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses for 1998 or 1997 other than those included in the Statement of Financial Activities

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

BALANCE SHEET

	Notes	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		1941		8080
CURRENT ASSETS					
Debtors	10	8757		8084	
Cash at bank and in hand		20244		47800	
Stock		8513		27847	
		<u>37514</u>		<u>83731</u>	
CREDITORS: amounts falling due within one year	11	<u>11296</u>		<u>10328</u>	
Net Current Assets			26218		73403
Total assets less current liabilities			<u>28159</u>		<u>81483</u>
CREDITORS: amounts falling due after one year	12		(11414)		(85000)
NET ASSETS/(LIABILITIES)			<u>16745</u>		<u>(3517)</u>
RESERVES					
Restricted funds	13		15190		7013
Unrestricted funds	14		1555		(10530)
			<u>16745</u>		<u>(3517)</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 Council of Members on 22nd December 1998 and signed on its behalf.


 G EASTMAN
 COUNCIL MEMBER

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and include the results of the Trust's operations, which are described in the Council of Members Report, and all of which are continuing. The Trust has prepared the financial statements in compliance with Statement of Recommended Practice on Charity Accounts.

(b) INCOME

Income represents grants received, fees, Royalties and sundry publication sales.

(c) DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs less estimated residual value of each asset over its expected useful life as follows:

Fixtures, fittings and equipment - over 3 years

(d) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

(e) GRANTS RECEIVABLE

Grants received are allocated to the financial period which they are received, unless they are restricted as to the time period in which they can be used.

(f) CASH FLOW STATEMENTS

The Trust, being a company of small size within the meaning of the Companies Act 1985, has used the exemption provided by Financial Reporting Standard No: 1 under which they are not required to include a cash flow statement as part of their financial statements.

(g) VALUE ADDED TAX

Value added tax is not recoverable by the Trust, and as such is included in the relevant costs in the Statement of Financial Activities.

(h) EXPENDITURE ON MANAGEMENT AND ADMINISTRATION OF THE TRUST

Administration expenditure includes all expenditure not directly related to the charitable activity or fundraising ventures. This includes costs of renting and running office premises, staff salaries for administrative staff and audit fees.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

NOTES TO THE FINANCIAL STATEMENTS

2. GRANTS

Grants during the year represent monies received to cover the setting up and running and staffing of education and learning projects and services.

	Restricted	Unrestricted	1998	1997
	£	£	£	£
Sir John Cass Foundation	-	6430	6430	-
The Linbury Trust	-	10000	10000	-
Lord Ashdown Trust	-	-	-	1000
Elmgrant Trust	-	5000	5000	1000
The Economist	-	-	-	250
J J Charitable Trust	7480	-	7480	10000
Esme Fairbairn Trust	-	-	-	40194
Avenue Trust	-	1000	1000	6000
Gribble	-	97500	97500	10738
Dartington Hall Trust	-	-	-	750
Others	-	-	-	1188
TSB carried forward	-	10000	10000	12500
Tredwell carried forward	-	15000	15000	20000
Tudor Trust	-	25000	25000	-
Clothworkers Foundation	-	5250	5250	-
J A Clark Charity	-	1000	1000	-
	<u>7480</u>	<u>176180</u>	<u>183660</u>	<u>103620</u>

3. SALES

Sales represent complete learning products and services, sold to educational establishments and individuals.

4. INVESTMENT INCOME

	1998	1997
	£	£
Bank interest received	<u>1304</u>	<u>978</u>

5. DIRECT CHARITABLE EXPENDITURE

	1998	1997
	£	£
Project expenditure	86812	127918
Royalties	7047	4115
Printing	11206	12931
Salaries	70740	23447
	<u>175805</u>	<u>168411</u>

6. FUNDRAISING AND PUBLICITY COSTS

	1998	1997
	£	£
Advertising and exhibitions	<u>14788</u>	<u>18728</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

NOTES TO THE FINANCIAL STATEMENTS

7.	MANAGEMENT AND ADMINISTRATION	1998	1997
		£	£
	Salaries	33753	27115
	Property expenses and rent	6717	5333
	Telephone	2902	2871
	Printing, stationery and advertising	6208	13100
	Travel and conference expenses	7832	5445
	Postage	3424	3946
	Books	564	612
	Sundry expenses	359	256
	Bank charges and interest	137	178
	Insurance	1698	818
	Professional fees	-	955
	Audit and accountancy	1969	1410
	Depreciation	7856	8019
		<u>73419</u>	<u>70058</u>
8.	NET INCOMING/(OUTGOING) RESOURCES	1998	1997
		£	£
	This is stated after charging:		
	Depreciation owned assets	7856	8019
	Auditors remuneration	1969	1410
	Trustee remuneration	23043	14989
		<u></u>	<u></u>
9.	TANGIBLE ASSETS		Fixtures/ Fittings & Equipment
	COST		£
	Balance at 1.4.97		51706
	Additions		1717
	Balance at 31.3.98		<u>53423</u>
	DEPRECIATION		
	Balance at 1.4.97		43626
	Charge for the year		7856
	Balance at 31.3.98		<u>51482</u>
	NET BOOK VALUE at 31.3.98		<u>1941</u>
	NET BOOK VALUE AT 31.3.97		<u>8080</u>
10.	DEBTORS	1998	1997
	- Due within one year	£	£
	Trade debtors	8284	7661
	Prepayments and accrued income	473	423
		<u>8757</u>	<u>8084</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

NOTES TO THE FINANCIAL STATEMENTS

11.	CREDITORS	1998	1997
	- Due within one year	£	£
	Trade creditors	5286	10328
	Accruals	6010	-
		<u>11296</u>	<u>10328</u>

12.	CREDITORS	1998	1997
	- Due after one year	£	£
	Loans	11414	85000

13.	ANALYSIS BETWEEN FUNDS	Restricted	Unrestricted	Total
		£	£	£
	Tangible fixed assets	-	1941	1941
	Net current assets	15190	11028	26218
	Creditors due after one year	-	(11414)	(11414)
		<u>15190</u>	<u>1555</u>	<u>16745</u>

14. RESTRICTED FUNDS
This is represented by an amount of unspent grant for a project the Trust has embarked on.

15. LIABILITY OF TRUST MEMBERS
In the event of the Trust being wound-up, the liability of the Members is limited to £1.

16.	STAFF	1998	1997
		£	£
	Total emoluments for all employees was	102258	50562
		<u>12</u>	<u>4</u>

No employee's emoluments exceeded £40000.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 1998

NOTES TO THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT

	1998		1997	
	£	£	£	£
Net incoming/(outgoing) resources for the year		20262		(62623)
Add: Depreciation		7856		8019
		<u>28118</u>		<u>(54604)</u>
Less: (Decrease) in value of stocks	(19334)		(5676)	
Increase/(Decrease) in value of debtors	673		(20156)	
(Increase)/Decrease in value of creditors	(968)	19629	32425	6593
Net cash inflow/(outflow) before capital expenditure		<u>47747</u>		<u>(61197)</u>
Less payments to acquire fixed assets		(1717)		(2393)
Repayment of long term finance		<u>(73586)</u>		<u>85000</u>
Net cash (outflow)/inflow for the year		<u>(27556)</u>		<u>21410</u>
Cash at bank and in hand as at 31st March 1997		47800		26390
Net cash (outflow)/inflow for the year		<u>(27556)</u>		<u>21410</u>
Cash at bank and in hand as at 31st March 1998		<u>20244</u>		<u>47800</u>

This page does not form part of the statutory financial statements.