

Registered Charity Number: 1093914

Registered Company Number 4476558

WORTH SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2004



**WORTH SCHOOL
TRUSTEES AND ADVISERS
YEAR ENDED 31 AUGUST 2004**

TRUSTEES AND DIRECTORS: The Right Reverend P C Jamison MA, President
Mr K G Smyth, Chairman
Mrs A Andreotti
The Reverend Mark Barrett MA, BA (appointed 15th
October 2004)
Mr A Boys
Mr M H T Gairdner BA FCA (Acts as Chair of the Governors
Finance & Resources Committee)
Mr M R Haan FCA
Sr M M Horton CRSS (resigned 25th June 2004)
The Reverend R L Jolly BA
Mrs R Lewis BSc (Acts as Chair of the Education Committee)
Mr G Moore CA, BA (appointed 26th March 2004)
The Reverend C A Murray BSc PhD MA PGCE (resigned 15th
October 2004)
Mr J Scherer MA (appointed 1st November 2004)
The Very Reverend J K Taggart MA
Dr R Townsend MA DPhil (appointed 26th March 2004)

**COMPANY SECRETARY &
REGISTERED OFFICE:** The Reverend C A Murray
Worth School
Turners Hill
Nr Crawley
West Sussex RH10 4SD

AUDITORS: Horwath Clark Whitehill LLP
10 Palace Avenue
Maidstone
Kent ME15 6NF

BANKERS: Bank of Scotland
15 Queen Square
Brighton BN1 3FD

SOLICITORS: Veale Wasbrough
Orchard Court
Orchard Lane
Bristol BS1 5DS

DMH
40 High Street
Crawley
West Sussex
RH10 1BW

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

**WORTH SCHOOL
TRUSTEES' REPORT
YEAR ENDED 31 AUGUST 2004**

The Trustees, who also served as Company Directors during the year, present their report and financial statements for the year to 31 August 2004. The Trustees confirm that the financial statements comply with current statutory requirements, those of the governing documents and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" 2000.

BACKGROUND AND STATUS

Worth School is a company limited by guarantee and a Registered Charity and is governed by its Memorandum and Articles of Association.

The Trustees of the charity are the School's Board of Governors, details of whom are set out on page 1 which constitutes part of this report. The President of the Board of Governors is the Abbot of Worth Abbey who has the power to appoint members to the Board, subject to the provisions in the Articles of Association. The Board operates with two sub-committees, the Governors' Education Committee and the Governors Finance & Resources Committee.

The School uses buildings and playing fields, which are owned by Worth Abbey, on which the School has a lease.

OBJECTS

Worth School's objects are as follows:

- The advancement of the Roman Catholic religion
- The advancement of education in accordance with the Benedictine tradition;
- To support the work of Worth Abbey (company no. 4475556).

POLICY

In order to further the objects of the charity, the Trustees run a Roman Catholic school known as Worth School, following the ethos and traditions of the Rule of St Benedict. The School was also able to provide both financial and other resources to support the work of Worth Abbey and its charitable activities during the year.

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The Trustees are very pleased with the continuing growth of the School roll which in September 2002 was 439, September 2003 444 and in September 2004 454.

The School had an exceptional year in terms of the results achieved by its sixth form students. Of particular note were the first cohort of students completing the International Baccalaureate Diploma who achieved a 100% pass rate.

As well as achieving excellent academic results, the School community continued to place great emphasis on pupils' development outside the classroom through sport, drama, music and community service. Some of the projects undertaken by the boys during the period have included shopping and gardening for the elderly, voluntary work in charity shops, conservation projects, environmental projects recycling paper and aluminium and a weekly soup run for homeless people. Sixth form boys were also involved in work with children from the local primary school who use the School's ICT and sports facilities one afternoon each week. The School places great importance on its role in a partnership arrangement with 4 local state schools known as the 'WHISP' consortium through which academic developments can be shared. It also made its theatre and sports facilities available for use by local schools and clubs.

**WORTH SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2004**

A central part of the School is the Chaplaincy. Its work involves four members of the monastic community of Worth Abbey who work closely with the lay members of the School community and the pupils to ensure that the Benedictine ethos is at the forefront of life in the School.

During the year, the Trustees and the School Management Team completed a process of reviewing the School's policies on the provision of scholarships and bursaries. Worth School already provided financial assistance to both academically able and musically talented pupils to enable them to enjoy the benefits of attending the School as well as providing hardship bursaries to existing pupils whose families fall into financial difficulties. The scholarships offered have been broadened to include consideration of other talents including sports, art and drama and specific consideration to pupils from state primary schools. The maximum value of the scholarships have been reduced from 50% to 40%. The School will in the future provide means-tested bursaries on entry to enable boys to come to the School where financial circumstances would otherwise have prevented them from benefiting from the education the School offers. Worth School is committed to continuing to provide such assistance within the financial constraints of being a School without endowment funds.

Worth Abbey's second School Development Plan went into its fourth year. The plan combines an understanding and development of the Benedictine ethos within the School with some very exciting physical developments. At the start of the academic year, the School benefited from the Abbey's completion of one refurbished boarding house with integral Housemasters accommodation within the main building. The second boarding house in the building was being worked upon throughout the year along with the completion of works to the roofs and exterior of the building and were ready for the start of the next academic year.

No major projects are planned to take place in the 2004/5 academic year as the School is involved in early consideration of the third School Development Plan. This is likely to be effective from 2006 onwards.

FINANCIAL RESULTS

The financial results of Worth School were in line with the Trustees' expectations for the year ended 31st August 2004. The surplus on unrestricted funds generated after all outgoings, including rent paid under the terms of the lease with Worth Abbey, amounted to £643,005. In accordance with the charity's objectives and having regard to the position as outlined under Reserves below, this amount was donated to Worth Abbey which had funded the building works, and the Trustees were very pleased to provide such level of support.

RESTRICTED FUND

During the year, the Trustees received a legacy which is being dedicated to providing means-tested bursaries to choral scholars. Details of the restricted fund, known as the Morris Fund, are set out in the notes to the financial statements.

RESERVES

The Trustees and Management Team of Worth School have produced, with the support and agreement of Worth Abbey, a development plan for the School under which certain physical and other developmental needs have been identified. Under this plan Worth Abbey as the owner of the freehold of the physical assets, has agreed to both finance and either develop or refurbish specified assets, and then provide them for use by the School under a leasehold arrangement.

At the balance sheet date Worth Abbey had incurred substantial borrowings in order to carry out the agreed development work and as a consequence the Trustees of Worth School have agreed to donate to Worth Abbey surpluses arising within Worth School subject to the need to retain any

**WORTH SCHOOL
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 AUGUST 2004**

reserves. Worth Abbey has in turn undertaken to provide appropriate financial resources to the School to enable it to meet its own agreed capital and working capital needs. In view of Worth Abbey's undertaking and in light of the School's budget and cash flow forecasts the Trustees are satisfied that no unrestricted reserves need to be retained by Worth School at the present time.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Worth School and its Board of Trustees are committed to high standards of corporate governance.

The Board meets at least four times a year and more frequently where needs require. The Board has a schedule of matters reserved for its decision and the results of such deliberations are communicated through the School Management Team, or by the Chairman of the Board on the Board's behalf, to all relevant parties.

The Board supports its membership by identifying opportunities for briefings and training in all relevant areas and encourages Trustees to take advantage of these.

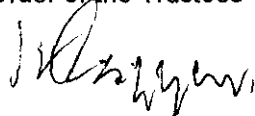
The Board is responsible for the company's system of internal control and for reviewing its effectiveness. There is an ongoing process for identifying, evaluating and managing the significant risks faced by Worth School and this has been in place for the year under review. Strategic, financial, commercial, charitable, operational, social, environmental and ethical risks fall within the scope of these processes. In addition, during the year, the Trustees commissioned an independent review of their risk management process. This review found that the processes in place in the School give a comprehensive view of the main risks facing the school and the action taken to mitigate them. These processes are designed to manage rather than eliminate the risk of failure to achieve objectives and can only provide reasonable, not absolute, assurance against material misstatements or loss.

AUDITORS

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the Board of Trustees appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Trustees



WORTH SCHOOL
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 AUGUST 2004

Company law requires the Trustees as Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing those financial statements, the Trustees:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with current legislation. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF WORTH SCHOOL

We have audited the financial statements of Worth School for the year ended 31 August 2004 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes as set out on pages 7 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

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

Respective Responsibilities of Trustees and Auditors

As described on page 5, the Directors who also act as the Trustees for the charitable activities of Worth School, are responsible for the preparation of the financial statements. It is our responsibility 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 Trustees' 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 Trustees' 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 judgements made by the Trustees 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 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.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the charity at 31 August 2004 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.

Horwath Clark Whitehill LLP

HORWATH CLARK WHITEHILL LLP
Chartered Accountants
and Registered Auditors
Maidstone

10 December 2004

WORTH SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 AUGUST 2004

		Unrestricted	Restricted	Total	Unrestricted funds
	Notes	2004 £	2004 £	2004 £	2003 £
INCOMING RESOURCES					
Charitable Activities					
School fees receivable	2	7,171,423	-	7,171,423	6,401,436
Other		-	32,837	32,837	-
Other activities to generate funds					
Interest receivable		7,826	-	7,826	11,583
Services provided to other group companies		40,957	-	40,957	36,069
Other		11,333	-	11,333	7,391
TOTAL INCOMING RESOURCES		7,231,539	32,837	7,264,376	6,456,479
RESOURCES EXPENDED					
Cost of generating funds					
Other costs		791	-	791	3,249
Charitable expenditure:					
Employment costs	3	3,796,576	-	3,796,576	3,258,280
Establishment	3	1,228,036	-	1,228,036	1,288,508
Supplies and services	3	1,554,181	-	1,554,181	1,517,194
Other charitable expenditure	3	643,005	-	643,005	379,272
Management and administration of charity	3	8,950	-	8,950	9,976
TOTAL RESOURCES EXPENDED		7,231,539	-	7,231,539	6,456,479
NET MOVEMENT IN FUNDS					
		-	32,837	32,837	-
At 1 September 2003	11	-	-	-	-
AT 31 AUGUST 2004	11	-	32,837	32,837	-

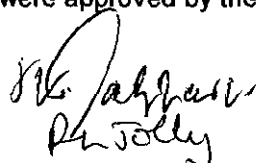
All amounts relate to continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

**WORTH SCHOOL
BALANCE SHEET
31 AUGUST 2004**

		2004 £	2003 £
FIXED ASSETS			
Tangible fixed assets	4	169,850	212,687
CURRENT ASSETS			
Stock	5	121,842	108,496
Debtors	6	1,180,166	696,151
Cash at bank and in hand		2,566	259,638
		1,304,574	1,064,285
CREDITORS: amounts falling due within one year	7	(962,951)	(927,755)
NET CURRENT ASSETS		341,623	136,530
TOTAL ASSETS LESS CURRENT LIABILITIES		511,473	349,217
CREDITORS: amounts falling due after more than one year	8	(478,636)	(349,217)
TOTAL NET ASSETS		32,837	-
FUNDS			
Restricted funds	11	32,837	-
TOTAL FUNDS		32,837	-

The financial statements were approved by the Trustees on 10 December 2004

 } Trustees

The notes on pages 10 to 18 form part of these financial statements.

**WORTH SCHOOL
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2004**

	Notes	2004 £	2003 £
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Changes in resources before transfers and revaluation		32,837	-
Depreciation	4	67,860	116,158
(Increase) in stock		(13,346)	(23,553)
(Increase)/Decrease in debtors		(484,015)	261,168
(Decrease) in creditors		(36,336)	(33,815)
NET CASH INFLOW FROM OPERATING ACTIVITIES		(433,000)	319,958

CASH FLOW STATEMENT

Net cash inflow from operating activities		(433,000)	319,958
Capital expenditure	12a	(25,023)	(97,811)
		(458,023)	222,147
Financing	12b	196,228	31,736
Increase in cash in the year	13	(261,795)	253,883
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase in cash in the period		(261,795)	253,883
Cash inflow from increase in net debt	12b	(196,228)	(31,736)
Changes in net funds resulting from cash flows		(458,023)	222,147
Movement in net funds in the year	13	(458,023)	222,147
Net funds at 1 September	13	8,437	(213,710)
NET FUNDS AT 31 AUGUST	13	(449,586)	8,437

The notes on pages 10 to 18 form part of these financial statements.

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2004

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Charities (Accounts and Reports) Regulations 2000, the Statement of Recommended Practice "Accounting and Reporting by Charities" and applicable accounting standards.

b) Fund Accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of Worth School.

Restricted funds are funds subject to specific restrictive conditions imposed by the donor. The purpose and use of the restricted funds is set out in the notes to the financial statements.

All income and expenditure is shown in the Statement of Financial Activities.

c) Income and Liability Recognition

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 stated after deducting scholarships, bursaries and other allowances. Interest income is accounted for on a receivable basis.

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

d) Grants

Grants receivable are recognised when there is reasonable assurance of their receipt and where appropriate in the year to which they relate.

e) Gifts in Kind

The values attributed to gifts in kind are either the amounts actually realised or an estimate of their value. They are recognised as incoming resources when received.

f) Resources Expended

The cost headings comprise areas of expenditure relating to the charity's objectives. In the majority of instances, the costs are directly attributable to those activities. In certain cases, however, other expenditure is allocated on the basis of use.

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

1. ACCOUNTING POLICIES (CONTINUED)

g) Capitalisation and Depreciation

Items costing less than £1,000 are written off as an expense as acquired.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the original cost on a straight line basis over their expected useful economic life as follows:

Motor vehicles	over 4 years
Computer equipment	over 4 years
Plant and machinery	between 4 and 7 years

h) Stock

Stocks are valued at the lower of cost and net realisable value.

i) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a gain or loss on investment assets in the statement of financial activities.

j) Pensions

The pension costs charged in the financial statements represent the contributions payable by the charity during the year.

k) Operating Leases

The rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

2. SCHOOL FEES RECEIVABLE

	2004 £	2003 £
Fee income for the year	7,280,035	6,445,772
Release of parents' deposits	148,275	183,850
Extras	150,413	145,511
Entrance fees	13,016	10,842
	<u>7,591,739</u>	<u>6,785,975</u>
LESS:		
Allowances and remissions:		
Scholarships granted	329,823	285,516
Bursaries	90,493	99,023
	<u>420,316</u>	<u>384,539</u>
	<u>7,171,423</u>	<u>6,401,436</u>

3. RESOURCES EXPENDED

	2004 £	2003 £
Employment costs include:		
Wages and salaries	3,168,144	2,810,607
Social security costs	261,390	213,500
Pension contributions	367,042	234,173
	<u>3,796,576</u>	<u>3,258,280</u>
Establishment costs include:		
Depreciation	67,860	116,158
Maintenance	376,788	453,722
Utilities	232,980	194,156
Rent	400,000	400,000
Supplies and services costs include:		
Catering	227,383	214,400
Curriculum	298,476	266,959
Other charitable expenditure includes:		
Donation	<u>643,005</u>	<u>379,272</u>

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

3. RESOURCES EXPENDED (CONTINUED)

	2004 £	2003 £
Management and administration includes:		
Auditors' remuneration:		
For audit	<u>8,950</u>	<u>9,976</u>

The average number of employees in the year was:

	2004 Number	2003 Number
Teaching & teaching support	64	58
Welfare	33	33
Premises	19	20
Management, administration & fundraising	6	6
	<u>122</u>	<u>117</u>

The number of employees whose emoluments exceeded £50,000 were:

	2004 Number	2003 Number
£50,001 - £60,000	3	-
£70,001 - £80,000	-	1
£80,001 - £90,000	<u>1</u>	<u>-</u>

The above were members of a defined contribution pension scheme.

Total pension contributions payable for these employees amounted to £27,599 in the year.

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

4. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Plant and Machinery £	Computer Equipment £	Total £
Cost				
At 1 September 2003	64,608	354,808	360,244	779,660
Disposals	(12,586)	-	-	(12,586)
Additions	-	25,023	-	25,023
	<u>52,022</u>	<u>379,831</u>	<u>360,244</u>	<u>792,097</u>
At 31 August 2004				
Depreciation				
At 1 September 2003	42,803	232,193	291,977	566,973
On disposals	(12,586)	-	-	(12,586)
Charge for the year	9,801	35,305	22,754	67,860
	<u>40,018</u>	<u>267,498</u>	<u>314,731</u>	<u>622,247</u>
At 31 August 2004				
Net book value				
At 31 August 2004	<u>12,004</u>	<u>112,333</u>	<u>45,513</u>	<u>169,850</u>
At 1 September 2003	<u>21,805</u>	<u>122,615</u>	<u>68,267</u>	<u>212,687</u>

5. STOCK

	2004 £	2003 £
General stores	<u>121,842</u>	<u>108,496</u>

The replacement cost as at 31st August 2004 is not materially different from the values shown above.

6. DEBTORS

	2004 £	2003 £
School fees and extras less bad debt provision	173,341	154,498
Amounts owed by group companies	816,055	459,941
Other debtors	46,352	42,652
Prepayments	144,418	39,060
	<u>1,180,166</u>	<u>696,151</u>

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

7. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdraft	4,723	-
Parents' deposits on account of fees (note 9)	127,996	148,275
School fees and extras in advance	335,940	427,329
Trade creditors	240,161	80,466
Amounts owed to group undertakings	29,586	15,487
Other taxes and social security costs	83,805	73,573
Clubs and societies	11,084	24,155
Other creditors	77,985	113,094
Accruals and deferred income	51,671	45,376
	<u>962,951</u>	<u>927,755</u>

8. CREDITORS: amounts falling due after more than one year

	2004 £	2003 £
Parents' deposits on account of fees (note 9)	31,207	98,016
Acceptance deposits	<u>447,429</u>	<u>251,201</u>
	<u>478,636</u>	<u>349,217</u>

When a pupil is accepted into the school a deposit is due and payable and is refundable when the pupil leaves the school.

9. PARENTS' DEPOSITS ON ACCOUNT OF FEES

	2004 £	2003 £
On account of fees	159,203	246,291
Less: amount to be released within one year	<u>(127,996)</u>	<u>(148,275)</u>
On account of fees falling due after more than one year	<u>31,207</u>	<u>98,016</u>

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

10. UNRESTRICTED FUNDS

At both the beginning and end of the year, Worth School held no unrestricted funds. It received incoming resources of £7,231,539 during the year, and expended £7,231,539 including the donation to Worth Abbey.

11. RESTRICTED FUNDS

	<i>At 1 September 2003 £</i>	<i>Incoming resources £</i>	<i>Resources Expended £</i>	<i>At 31 August 2004 £</i>
Morris Fund	-	32,837	-	32,837

The Morris Fund is restricted to the support of choral music in the School. The Trustees have agreed to use it for means-tested bursaries for choral scholars.

12. ANALYSIS OF CASH FLOWS

a) Capital Expenditure	2004 £	2003 £
Payments to acquire tangible fixed assets	25,023	97,811
Net cash outflow	25,023	97,811
b) Financing	2004 £	2003 £
Parents' acceptance deposits	196,228	31,736
Net cash inflow	196,228	31,736

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

13. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 31 August 2003	Cashflow	At 31 August 2004
	£	£	£
Cash in hand and at bank	259,638	(261,795)	(2,157)
Debt due after one year Parents' acceptance deposits	(251,201)	(196,228)	(447,429)
Net funds	8,437	(458,023)	(449,586)

14. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases to make payments in the following year are analysed below by the expiry date of the leases concerned.

	Land & buildings 2004	Operating leases Other 2004	Land & buildings 2003 £	Other 2003 £
Within 1 year	-	-	-	14,364
Between 2 and 5 years	400,000	25,137	400,000	25,137

From September 2004, the lease on land and buildings increased to £560,000 per annum.

15. RELATED PARTY TRANSACTIONS

Neither the Trustees nor persons connected with them received any remuneration from the Abbey. Trustee Indemnity Insurance is included automatically in the School's insurance policy at no extra cost and covers those members of the Board serving as Trustees. There were no other transactions with Trustees during the year.

Exemption from disclosing transactions with other group companies has been claimed as all subsidiaries of Worth Abbey are wholly owned and included within the financial statements of Worth Abbey, a company registered in England and Wales, copies of which are publicly available from:

The Company Secretary
Worth Abbey
Paddockhurst Road
Turners Hill
West Sussex
RH10 4SB

WORTH SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2004

16. PENSION COMMITMENTS

The School participates in a multi employer defined benefits pension 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 school. The last Report by the Government Actuary (GA) covered the period 1 April 1996 to 31 March 2001. The valuation statement as at 31 March 2001 made in March 2003 revealed that the total liabilities of the Scheme (the estimated cost of past and future service benefits of existing members) amounted to £142,880 million. In accordance with the Teachers' Pension (Amendment) Regulations 2002, the actuarial review assumed that the value of the scheme assets equaled the value of the scheme liabilities at 31 March 2001. The scheme assets at 31 March 2001 consisted of future contributions in respect of existing members valued at £40,870 million and a balance of £102,010 million in the Teachers' Pension Account being a notional investment. The actuarial review assumed that the real rate of return on the notional investment is 3.5% in excess of price increases and 2% in excess of general earnings increases, therefore assuming a rate of real earnings growth of 1.5%. The assumed long-term gross rate of return is 7%. Following this report the standard contribution rate has been raised from 14.35% to 19.5% from 1 April 2003. 6% is to be paid by the teachers and the remaining 13.5% borne by the school.

The School's contributions represent a minor proportion of the payments into the scheme. The amount contributed by the School to the fund in the year to 31st August 2004 was £263,730.

The charity also makes defined contributions to a group personal pension scheme for its non-teaching staff. Contributions to this scheme in the year amounted to £54,736.