

QUEENSWOOD SCHOOL LIMITED

Company Registration No. 40561
Charity Registration No. 311060

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2012



Queenswood School Limited
Annual Report of the Governors
For the year ended 31st August 2012

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Queenswood School Limited

Annual Report of the Governors

for the year ended 31 August 2012

GOVERNORS AND CHARITY TRUSTEES

Queenswood Governors are the charity trustees of Queenswood School Limited ("the Charity") and they are

Mrs M C A King BA FCA (Chairman)
D A J Baldry BSc (Vice Chairman)
Miss A M Rawlinson BA MA(Hons) NPQH (Vice Chairman)
Reverend A E Brown BSc (Nominated by the Methodist Church)
H J de Sausmarez BA FCIS
T C Garnham BSc (appointed 23 June 2012)
D J Harvey
Professor Q McKellar CBE BVMS PhD FRSE MRCVS
Mrs V R Neale (Nominated by the Old Queenswoodians Association)
E M Sautter MA
J Sotiriou (Nominated by the Queenswood Parents Association, appointed 17 March 2012)
Reverend T Swindell FCA (Nominated by the Board of Management for Methodist Independent Schools Trust, appointed 1 December 2012)
Ms S J Thomas BA PGCE
A J Vallance-Owen MBA FRCS Ed
Mrs P M Winnch

The following Governors retired during the period since 1 September 2011 on the dates shown

Mr G Russell (retired 23 June 2012)
Mrs L A Robinson (retired 23 June 2012)
Mr A M Love (retired 1 December 2012)
Mr R H Reid (retired 1 December 2012)

Elected members are appointed by the Board on recommendation of the Executive Committee and they are supplemented by Governors nominated by the Board of Management for Methodist Independent Schools Trust, the Methodist Church, the Queenswood Parents Association (parent body) and the Old Queenswoodians Association (former pupils). Other than the nominated Governors who hold office for as long as they remain nominated, service on the Board is for an initial period of 3 years. At the end of an elected Governor's first term of office, he shall be eligible for re-election by the other Governors for a further term of three years. The same shall apply at the end of the elected Governor's second and third terms of office. The Chairman, who is subject to annual re-election by the board, may remain a Governor for longer than 12 years.

Abbreviated biographies for the current members of the Governing Body are

MRS M CLARE A KING BA FCA (CHAIRMAN)

Old Queenswoodian (1963-1969), graduate of Exeter University, worked for stockbrokers Phillips & Drew and then qualified as a Chartered Accountant with Ernst & Young. Now runs her own accountancy practice. Married with two children. Ex-officio governor representative of the Old Queenswoodians Association 1993-1996. Elected a Governor of Queenswood in 1996 and elected Chairman in September 2005.

DAVID A J BALDRY BSc (VICE CHAIRMAN)

Educated at Winchester and London University, he played professional cricket for Hampshire County Cricket Club before joining BP in 1977. After a range of roles at home and abroad, primarily in BP's marketing businesses, he was appointed Group Vice President in 2000, and was the CEO of BP Shipping and Aviation Services when he retired from the company in 2009. Married with two sons, he was elected a Governor of Queenswood in 2009, he is Chairman of the Marketing Committee.

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MISS ANGELA M RAWLINSON BA MA NPQH (VICE CHAIRMAN)

Educated at Auckland and Cambridge Universities, Headteacher of St Mary's School, Hampstead since 2003. Previously Headteacher of Marlborough Primary School, Chelsea (1998-2003). Elected a Governor of Queenswood in 2005.

REVEREND ANNE E BROWN BSc

A graduate of Newcastle University, she became a fully accredited local preacher and brought up a young family before being ordained as a Presbyterian in the Methodist Church in 1992. After various Ministries in the North and North West, she was appointed Chair of the London North West District in 2002. After an area reorganisation in 2006, she took up her current appointment as Chair of the Beds, Essex & Herts District. Married with three grown up children. Elected a Governor of Queenswood in 2008 and subsequently nominated by the Methodist Church in November 2010.

H JAMES DE SAUSMAREZ BA FCIS

Director and Head of Investment Trusts at Henderson Global Investors. He is a graduate of Leeds University and originally trained as a Chartered Secretary. He is a member of the St Paul's Cathedral Council and the London Diocese Investment Strategy Group. He is a Past Master of the Worshipful Company of Joiners and Ceilers and a former Governor of Bishop Stopford School Enfield. His daughter is an Old Queenswoodian and he has been a Chapel Trustee since 2007. Elected a Governor of Queenswood in 2011, he is Chairman of the Finance Committee.

TIM C GARNHAM BSc

Appointed Joint Managing Director of Minerva Limited in February 2012 having joined the Board in August 2005 as Group Development Director with responsibility for the overall control of the Group's development and leasing activities. He was formerly Deputy Managing Director of the Trafalgar House Property Group, where he was responsible for the UK development programme including a number of major London developments, before joining Minerva plc in January 1998 as Development Director. Married with three children, two of whom are Old Queenswoodians. Elected a Governor in June 2012, he is Chairman of the Facilities Development Committee.

DAVID J HARVEY

Trained as a structural engineer prior to developing his Builders Merchants business in Highbury, he now operates a driver training programme and manages a large fleet of delivery vehicles. Married with two daughters who are both Old Queenswoodians, his wife is a Queenswood Chapel Trustee. A previous ex officio Governor through his Chairmanship of the Queenswood Fellowship 2005-2008, he was elected a Governor of Queenswood in 2008.

PROFESSOR QUINTIN MCKELLAR CBE BVMS PhD FRSE MRCVS

Educated at Johnstone High School and Glasgow University he graduated from Glasgow Vet School in 1981 gaining his PhD in Veterinary Parasitology in 1984. Professor McKellar is currently vice-chancellor of the University of Hertfordshire and formerly the Principal of the Royal Veterinary College. Prior to that, he was the director of the Moredun Research Institute and professor of veterinary pharmacology at the University of Glasgow. He is married with four children two of whom are Old Queenswoodians. Rowing has always been his passion, he represented Scotland in the 1986 Commonwealth Games and is a member of the Broxbourne masters team. Elected a Governor of Queenswood in 2010.

MRS VICTORIA R NEALE

Educated at Queenswood School and Sheffield Hallam University gaining an HNC in Medical Laboratory Science. Married with two children she currently works as Bursar at Reed First School. She serves on the Executive Committee of the Old Queenswoodians Association as a branch secretary and became the Old Queenswoodians' Association nominated Governor in November 2010.

MRS JO SOTIRIOU

Appointed as the Queenswood Parents' Association representative as a nominated Governor in March 2012 having been elected as Chairman of the Association. Married with one daughter who attends Queenswood.

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EDMUND M SAUTTER MA

A graduate of Cambridge University, a solicitor and Partner with Mayer Brown International, specialising in the resolution of finance disputes. Married with two daughters both of whom are Old Queenswoodians. Elected a Governor of Queenswood in 2007, he is Chairman of the Queenswood Enterprises Ltd Board.

REVEREND T SWINDELL FCA

Has worked with the Methodist Independent Schools Trust since 2010, and became Senior Executive Officer in September 2012. He is also the Executive Chairman of commercial operations of Methodist Central Hall Westminster, Vice-chair of Trustees of the Guy Chester Estate, and a Methodist Minister with pastoral responsibilities in the Enfield Circuit in North London. Ordained as a presbyter in 2010 following a career in the insurance industry, he is a Chartered Accountant with degrees in Business Administration and Contextual Theology. He was nominated by the Methodist Independent Schools Trust in December 2012.

MS SARAH J THOMAS BA PGCE

A graduate of Oxford University and King's College London, she taught Classics at Sevenoaks School 1986-1999, was Deputy Head at Uppingham School 1999-2005 and has been the Head of Bryanston School since 2005. Married with two teenage daughters at Bryanston. Elected a Governor of Queenswood in 2009, she is Chairman of the Education Committee.

ANDREW J VALLANCE-OWEN MBA FRCS Ed

Group Medical Director Bupa. Married with three children, of whom one daughter is an Old Queenswoodian. Chairman of Governors at Epsom College and recently Governor of the Latymer School, he was elected a Governor of Queenswood in 2001.

MRS PATRICIA M WRINCH

Old Queenswoodian (1972-1980). Head of HR Operations for Reed Business Information. Associate of the Chartered Institute of Personnel Development. Ex-officio Governor representative of Old Queenswoodians' Association 2000-2007. Elected a Governor of Queenswood in 2007.

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for the year ended 31 August 2012

OFFICERS

Principal	Mrs P C Edgar BA PGCE
Business Director and Clerk to the Governors	S J Lee

ADDRESS

Registered Office	Queenswood School Limited Shepherd's Way Brookmans Park Hatfield Herts AL9 6NS
Website	www.queenswood.org

ADVISERS

Bankers	HSBC Bank plc 8 Victoria Street Westminster London SW1H 0NJ
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Investment Advisers	J P Morgan Asset Management Finsbury Dials 20 Finsbury Street London EC2Y 9AQ
Insurance Brokers	Marsh Brokers Limited Capital House 1-5 Perrymount Road Haywards Heath West Sussex RH16 3SY

Queenswood School Limited

Annual Report of the Governors

for the year ended 31 August 2012

The Governors of Queenswood School present their annual report for the year ended 31 August 2012 under the Charities Act 2006, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Act, the Trust Deed and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005)

REFERENCE AND ADMINISTRATIVE INFORMATION

The Governors are listed on page 1 The executive officers, principal address of the Charity and particulars of the Charity's professional advisers are given on page 4

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity Structure

Queenswood School Limited was incorporated as a private limited company (Registration No 40561) on 22 February 1894 The Company was registered as a charity (Registration No 311060) by a Trust Deed dated 18 November 1953

Group Structure and Relationships

The Charity wholly owns a non-charitable trading subsidiary, Queenswood Enterprises Limited (Company Registration No 1840914) The subsidiary's activities comprise the administration of residential and non-residential lettings for sporting and other activities, the operation of the school shop and ancillary trading activities The Board of Queenswood Enterprises Limited meets at least three times per year and currently comprises

E M Sautter (Chairman)	D J Harvey
Mrs M C A King	M D Beggs (non governor)
P M Ellis (non governor)	

Queenswood School Limited is connected through common, parallel or related objects, and by virtue of common control and unity of administration, to the Queenswood School Chapel Trust (Charity Registration No 311060) The principal aim of the Queenswood School Chapel Trust is Manage and maintain the fabric of the Chapel building so that it will be used as a place of worship by the pupils of Queenswood School and any others who may wish to attend the services held in the Chapel

Governing Document

The Charity is governed by its Trust Deed and Articles of Association The Articles of Association were last amended in 2010

Governing Body

The governing body comprises the Governors as charity trustees of the Charity who are also Directors of the Company

Governors' Responsibilities

The Governors (who are also directors of Queenswood School Limited for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming/outgoing resources and application of resources, including the income and expenditure, of the charitable group for that period In preparing these financial statements, the Governors are required to

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

Queenswood School Limited

Annual Report of the Governors

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Governors' Responsibilities (continued)

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Recruitment, Induction and Training of Governors

The Charity's elected Governors are appointed at a meeting of the Governors' Board on the basis of nominations received from the Executive Committee whose recommendations for eligibility are based on relevant attributes including personal competence, specialist skills and availability. All prospective Governors visit the School to meet representatives of the Board and senior management prior to nomination. An induction programme is arranged at the School for new Governors and they are provided with the Queenswood Governors' Handbook containing the Articles of Association, Governors' and key School policies, a copy of the Risk Register and other documentation relevant to their responsibilities as trustees. In addition, they are furnished with the Charity's most recent set of financial accounts. All Governors are encouraged to attend, from time to time, seminars arranged by AGBIS and other professional bodies as well as familiarisation days provided at the School. A record of training is maintained by the Clerk to the Governors.

Organisational Management

The Governors determine the general policy and are legally responsible for the overall management and control of the School through the Principal and School Executive Team. The full Board meets at least three times a year. Supporting and reporting to the Board, there are five committees who also meet once per term. Present membership of these committees is:

Executive Committee

Mrs M C A King (Chairman)
D A J Baldry
Miss A M Rawlinson
H J De Sausmarez
T C Garnham
E M Sautter

Finance Committee

H J de Sausmarez (Chairman)
Mrs M C A King
D A J Baldry
E M Sautter
Reverend T Swindell

Facilities Development Committee

T C Garnham (Chairman)
Mrs M C A King
D J Harvey
Mrs J Sotiriou

Education Committee

Ms S J Thomas (Chairman)
Mrs M C A King
Reverend A E Brown
Professor Q McKellar
Miss A M Rawlinson

Marketing and Communications Committee

D A J Baldry (Chairman)
Mrs M C A King
Ms A-M McGrath (non-governor)
Mrs V R Neale
Miss A M Rawlinson
Mrs P M Wrinch

Meetings of the above committees are also attended by the Principal, Business Director and other senior members of staff as appropriate.

The following Governors have been designated by the Governing Body to have responsibility for specific areas:

D J Harvey – Health and Safety
Miss A M Rawlinson – Pastoral Welfare and Safeguarding Children
E M Sautter – Public Benefit and Bursary policy
Reverend A E Brown and H J de Sausmarez also serve as Chapel Trustees

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Risk Management

The Board of Governors is responsible for the management of the risks faced by the Charity. A Risk Register, detailing significant risks relating to the successful continuity of the Charity's objects, is maintained. Consideration of individual risks is delegated to the appropriate committee which reports back to the full Board through the Executive Committee.

The key controls used by the Charity include

- Formal agendas and minutes for all Board and Committee meetings
- Detailed terms of reference for all Committees
- Comprehensive strategic planning, budgeting and management accounting procedures
- Established organisational structure, clear lines of reporting, and appropriate consultation
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

Through the established risk management procedures, the Governors are satisfied that the major risks identified have been adequately mitigated as far as is practicably possible. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

OBJECTS AND ACTIVITIES

Charitable Objects

The objects of the Charity are

- To continue to operate the girls' boarding and day school known as "Queenswood", subject to the Trust Deed and the Company's Articles of Association, guided by Christian principles whilst recognising the value of different cultures and faiths
- To maintain the present standards and tradition of the School and to continue to seek to improve and advance education for girls by all appropriate means including the establishment of funds for scholarships, bursaries and prizes

Public Benefit Aims and Intended Impact

Within these objects, the School's public benefit aim is to provide an outstanding academic education for all pupils irrespective of their parents' financial means. In addition, the School offers a wide range of other activities designed to produce well-equipped and caring citizens of the future, the leaders of tomorrow, who will serve their communities well and with a clear sense of responsibility. This aim is supported by an active programme of pastoral care within a spiritual framework, as well as by comprehensive facilities and a range of activities to promote physical and recreational interest.

Delivery of Public Benefit

In accordance with the Charitable Objects of the Charity, and having due regard to the Charity Commission's latest guidance on Public Benefit, the School continues to widen public access to the excellent education that girls aged 11 – 18 receive at Queenswood.

In order to support this objective and to ensure that no one is excluded from the opportunity to benefit from this education, the Governors make available fully means-tested bursary awards of up to 100% fee remission in appropriate circumstances. A scholarship can be, and frequently is, complemented by a bursary. The table below demonstrates the growth of the bursary scheme in recent years.

Year ended	100% Bursaries	Other Bursaries	Cost of Bursaries
31 Aug 12	13	23	£687,195
31 Aug 11	16	17	£530,249
31 Aug 10	13	16	£488,876
31 Aug 09	6	21	£330,560
31 Aug 08	1	19	£192,300
31 Aug 07	0	10	£67,279

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Delivery of Public Benefit (continued)

Queenswood continues to strengthen its links with a number of local primary schools for whom it makes available, at no charge, its facilities such as the swimming pool and the theatre, as well as outdoor and indoor sports areas. Queenswood offers a gifted and talented day for local year 5 primary school children.

Objectives for the year

The key objectives for 2011/2012, as outlined in the School Development Plan, were

- To ensure the future prosperity and standing of Queenswood as a pre-eminent boarding and day school for girls
- To continue to meet the needs of boarders and day girls in an integrated community, while emphasising the distinctive features of the school's three phases: junior house, middle school and sixth form
- To attract and retain high calibre teaching and non-teaching staff, providing effective induction and staff development
- To develop and maintain the school's facilities to the highest standard possible within the constraints of a carefully controlled budget
- To promote Queenswood's contribution to the wider community beyond the school

Strategies to achieve the year's Objectives

These included

- Instil and nurture independent learning through all year groups
- Review academic staff training and professional development opportunities
- Develop pupil enrichment to enhance the all-round experience of the girls
- Develop further the integration of boarders and day girls within their own houses
- Review and continue to improve boarding accommodation
- Keep under review the effectiveness of Queenswood's marketing and communications strategy and materials
- Strengthen the links between the School and external constituents including parents, the OQs and friends of Queenswood
- Develop and implement an HR strategy for Queenswood
- Support the expansion of Bursary awards through the fundraising objectives of the Bursary Fund
- Develop and implement a priority-based facilities improvement programme to include a thorough condition survey of the site
- Enhance environmental awareness and responsibility throughout the School

Principal activities of the year

The Charity provides boarding and day education for girls from the ages of 11 to 18 in a single 120 acre site 4 miles from Hatfield. This year, pupils enrolled at year end comprised 198 boarders (2011: 211) and 185 day girls (2011: 186).

Volunteers

A number of current and past parents continued to provide many hours of voluntary service during the year. The Board would like to take this opportunity of expressing its appreciation for their generous and valuable support.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational Performance of the School

2011/12 Examination Results

The pass rate was 100% at A2 level of which 80% of the passes were graded A*-B. 22 girls achieved at least 3 A*/A, 8 girls 4A*/A, and 3 girls 5A*/A. The majority of the girls gained entry to top universities to study a wide range of subjects. At AS level, the pass rate was 98% with 66% of passes graded at A/B. Of particular note were the 22A grades for mathematics, continuing to demonstrate the success and popularity of this subject in the Sixth Form. 91% of all GCSE passes were graded A*/A/B with 64% at A*/A.

Queenswood School Limited

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for the year ended 31 August 2012

Music Department

The Department has witnessed another outstanding year of music-making by Queenswood girls both in and out of school. There have been many highlights with the most notable being

- The fourth Queenswood Piano Competition, adjudicated by internationally acclaimed pianist Antonietta Notariello
- An invitation for a choir of 12 girls to record an arrangement of "I vow to thee my country" by Carl Davis at Angel Studios for the BBC's new series of *Upstairs Downstairs*. The girls were directed by the renowned American composer/conductor Carl Davis along with Queenswood's Director of Music, Jonathan Dobson
- The annual performance by The Queenswood Singers at the Ritz Hotel where the girls showcased a glittering array of solo and ensemble singing in the opulent splendour of the Ritz Palm Court

There have also been a number of visits to concert halls including a trip to the Royal Festival Hall to hear the Purcell School's 50th Anniversary Concert and another visit to hear the Hallé Orchestra, as guests of internationally acclaimed conductor, Sir Mark Elder

Drama and Dance

Highlights of the year included

- The Drama Scholars' highly entertaining production of *The Complete Works of Shakespeare (Abridged)* directed by Alice Hanton, Dramatist in Residence
- The Upper School's production of *Little Shop of Horrors*, a horror musical made even more notable by the collaboration with the Music Department and a brilliantly designed and constructed set
- The A2 Theatre Studies Students' performance of their devised piece exploring *The London Riots* of August 2011. Comprising poignant monologues, political satire and unexpected dance routines, this piece had extremely high impact and gained A grades in this practical unit for all the students. The GCSE Drama students' performance of their devised parodies of Enid Blyton's *Famous Five* novel provided a nostalgic and fun-filled evening for all ages

Sport

Queenswood girls continue to participate and enjoy success in a wide range of sporting activities whether as teams or individuals

- On the Hockey Pitch Queenswood teams represented Hertfordshire in both the U18 and U16 indoor and outdoor competitions, the First Eleven being crowned county champions at the end of the season. The U13s finished the season strongly as the U13 County Cup champions
- The U15 Trampolining team came third at the East Regional championships, only narrowly missing out on a place at the national finals
- The latest sport where Queenswood girls are achieving national standard is Fencing with three girls competing at the British Championships in May
- The athletics teams were the overall district champions and both teams have qualified for the regional round of the National competition
- Girls also continue to participate in Netball, Badminton, Football, Cricket, Rounders, Table Tennis, and Golf. Sport exists for everyone at Queenswood

Community Action

The School's work in the local community is championed by the Sixth Form through their weekly visits to the elderly and to local primary schools. This includes the provision of support and assistance to Lakeside, a school for pupils with physical disabilities and severe and complex learning difficulties in Welwyn Garden City. This work has been complemented by the organisation and hosting of a number of events at Queenswood for the elderly, very young and disabled. All girls in the School contribute to the annual charitable fundraising campaign and this year a significant sum was raised for the nominated School charities and others.

The residential, educational and recreational facilities of the School continue to be made available to organised local and national groups whenever possible in the interests of public benefit. As well as welcoming local schools to share its facilities, Queenswood remains an annual participant in the National Gardens Scheme, opening the grounds to the general public over the late May bank holiday weekend.

The Governors wish to record their sincere appreciation for the dedication and commitment of all the staff which has resulted in another successful year for Queenswood School.

Queenswood School Limited

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FUTURE PLANS

Objectives for the forthcoming year

The key objectives for 2012/2013, as outlined in the School Development Plan, are

- To ensure the future prosperity and standing of Queenswood as a pre-eminent boarding and day school for girls
- To maintain and promote our position as a leading academic school while continuing to offer breadth of education beyond the classroom
- To continue to meet the needs of boarders and day girls in an integrated community, while emphasising the distinctive features of the school's three phases junior house, middle school and sixth form
- To attract and retain high calibre teaching and non-teaching staff, providing effective induction and staff development
- To develop and maintain the school's facilities to the highest standard possible within the constraints of a carefully controlled budget
- To promote Queenswood's contribution to the wider community beyond the school

Strategies to achieve the forthcoming year's Objectives

These include

- Instil and nurture independent learning through all year groups
- Review academic staff training and professional development opportunities
- Develop pupil enrichment to enhance the all round experience of the girls
- Develop further the integration of boarders and day girls within their own houses
- Review and continue to improve boarding accommodation
- Keep under review the effectiveness of Queenswood's marketing and communications strategy and materials
- Strengthen the links between the School and external constituents including parents, the OQs and friends of Queenswood and the wider community
- Develop and implement an HR strategy for Queenswood
- Support the expansion of Bursary awards through the fundraising objectives of the Bursary Fund
- Develop and implement a priority-based facilities improvement programme to include a thorough condition survey of the site
- Enhance environmental awareness and responsibility throughout the School

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Total incoming resources amounted to £9,864,000 with total resources expended amounting to £10,043,000. The net operating result of the Group for the year was a deficit of £179,000 (2011 £8,000 deficit). Total funds have decreased in value by £150,000.

The total reserves at 31 August 2012 were £15,812,000. £1,055,000 relates to the revaluation reserve, £37,000 are designated reserves, £841,000 are restricted reserves, and £23 represents share capital. The remainder, £13,878,000, are general reserves, represented by fixed assets substantially made up of land and buildings.

Reserves Policy

The Governors regularly review the finances as part of the effective stewardship of the School.

Free reserves are defined as reserves which are freely available and exclude restricted funds, designated funds and any fixed assets.

In common with other independent schools, the Governors have invested substantial sums into the school site in recent years and have a continuing programme of refurbishment, development and investment to develop and maintain excellent facilities for our pupils. Although the free reserves are at a negative balance, this illustrates the extent of investment in the School, which is a common practice by independent schools which have to finance their own capital investment plans. The Governors consider that, given the strength of the Charity's balance sheet, the stable cashflow from student rolls and the available banking facility that can be called upon if the need arises, there is no need to build up a free reserve.

The Governors recognise that the level of reserves fluctuates during periods of investment in the school and the arrangements with our bank are in place to provide an adequate 'safety net' should it be required.

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Statement of disclosure to auditors

- So far as the Governors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- The Governors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act, it is proposed that they be re-appointed auditors for the ensuing year

By Order of the Board



S J Lee
Secretary

Date 16/3/13

Queenswood School Limited

Independent Auditors' Report to the Governors of Queenswood School Limited

We have audited the financial statements of Queenswood School Limited for the year ended 31 August 2012 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Queenswood School Limited
Independent Auditors' Report to the Governors of
Queenswood School Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit; or

Kingston Smith LLP

Anjali Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD
Date

29th April 2013

Queenswood School Limited
Consolidated Statement of Financial Activities (including income and expenditure account)
For the year ended 31st August 2012

	Note	Unrestricted Funds	Restricted Funds	Total 2012	Total 2011 <i>Restated</i>
		£	£	£	£
INCOMING RESOURCES					
Income from Charitable Activities					
School Fees	1	8,885,304	-	8,885,304	8,798,274
Incoming Resources from Generated Funds					
Activities for generating funds					
Trading turnover Queenswood Enterprises Ltd	2	595,118	-	595,118	596,891
Donations		23,233	165,390	188,623	408,857
Investment income	4	70,909	12,882	83,791	84,741
Other incoming resources	3	111,105	-	111,105	77,484
Total Incoming Resources		9,685,669	178,272	9,863,941	9,966,247
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading - Queenswood Enterprises Ltd	2	246,705	-	246,705	259,986
Fundraising for voluntary resources	7	95,018	-	95,018	95,361
		341,723	-	341,723	355,347
Charitable Activities					
School activities		9,618,856	4,268	9,623,124	9,540,466
Governance Costs					
		78,465	-	78,465	78,172
Total Charitable Expenditure		9,697,321	4,268	9,701,589	9,618,638
Total Resources Expended	7	10,039,044	4,268	10,043,312	9,973,985
Net (Outgoing)/Incoming Resources Before Transfers					
		(353,375)	174,004	(179,371)	(7,738)
TRANSFERS					
Gross transfers between funds	16(a)	29,202	(29,202)	-	-
Net (Outgoing)/Incoming Resources Before Other Recognised Gains					
		(324,173)	144,802	(179,371)	(7,738)
Other Recognised Gains					
Investment - unrealised gains	9	-	29,448	29,448	6,166
NET (EXPENDITURE)/INCOME		(324,173)	174,250	(149,923)	(1,572)
Fund balances at 1 September 2011		15,295,070	667,102	15,962,172	15,963,744
FUND BALANCES at 31 August 2012	15	14,970,897	841,352	15,812,249	15,962,172

All activities derive from continuing operations

All gains and losses recognised in the year are included in the Statement of Financial Activities

No consolidated or individual company profit and loss accounts have been prepared as the items required to be disclosed within those financial statements are incorporated into the Statement of Financial Activities

Further details of restricted funds and unrestricted funds are given in notes 16 and 17

The accompanying notes form part of these financial statements

Queenswood School Limited
Consolidated Balance Sheet at 31st August 2012

	Note	2012	2012	2011	2011
		£	£	£	Restated £
Fixed Assets					
Tangible assets	8		18,091,915		18,242,837
Investments	9		<u>366,333</u>		<u>324,003</u>
			18,458,248		18,566,840
Current Assets					
Stocks	10	57,789		50,727	
Debtors	11	787,185		731,645	
Cash at bank and in hand		<u>160,634</u>		<u>40,744</u>	
		1,005,608		823,116	
Creditors Amounts falling due within one year	12	<u>(2,817,800)</u>		<u>(2,593,937)</u>	
Net Current Liabilities			<u>(1,812,192)</u>		<u>(1,770,821)</u>
Total Assets less Current Liabilities			16,646,056		16,796,019
Creditors Amounts falling due after more than one year	13		<u>(833,807)</u>		<u>(833,847)</u>
Net Assets			<u>15,812,249</u>		<u>15,962,172</u>
Funds					
Called up share capital	14		23		23
Restricted funds	17		841,353		667,102
Unrestricted	16				
Designated			37,424		57,231
Revaluation reserve			1,054,856		1,054,856
General			<u>13,878,593</u>		<u>14,182,960</u>
Total Funds	15		<u>15,812,249</u>		<u>15,962,172</u>

Approved by the Governors on
and signed on their behalf by

M C A King

H J de Sausmarez

Company Registration No 00040561

The accompanying notes form part of these financial statements

Queenswood School Limited
Balance Sheet at 31st August 2012

	Note	2012	2012	2011	2011
		£	£	£	Restated £
Fixed Assets					
Tangible assets	8		18,091,334		18,240,946
Investments	9		<u>566,333</u>		<u>524,003</u>
			18,657,667		18,764,949
Current Assets					
Stocks	10	26,158		22,907	
Debtors	11	721,785		634,355	
Cash at bank and in hand		<u>19,048</u>		<u>18,818</u>	
		766,991		676,080	
Creditors Amounts falling due within one year	12	<u>(3,065,896)</u>		<u>(2,870,324)</u>	
Net Current Liabilities			<u>(2,298,905)</u>		<u>(2,194,244)</u>
Total Assets less Current Liabilities			16,358,762		16,570,705
Creditors Amounts falling due after more than one year	13		<u>(807,431)</u>		<u>(796,423)</u>
Net Assets			<u>15,551,331</u>		<u>15,774,282</u>
Funds					
Called up share capital	14		23		23
Restricted funds	17		841,353		667,102
Unrestricted	16				
Designated			37,424		57,231
Revaluation reserve			1,054,856		1,054,856
General			<u>13,617,675</u>		<u>13,995,070</u>
Total Funds			<u>15,551,331</u>		<u>15,774,282</u>

Approved by the Governors on
and signed on their behalf by

16/3/13

M C A King

H J de Sausmarez

Company Registration No 00040561

The accompanying notes form part of these financial statements

Queenswood School Limited
Consolidated Cash Flow Statement
For the year ended 31st August 2012

	Note	2012	2012	2011	2011 <i>Restated</i>
Net Cash Outflow from		£	£	£	£
Net Cash Outflow from Operating Activities	18		(464,637)		719,028
Returns on Investment and Servicing of Finance					
Interest received			12,882		11,220
Capital Expenditure and Financial Investment					
Purchase of tangible fixed assets		(265,248)		(1,722,281)	
Proceeds from sale of tangible fixed assets		199,404		-	
Purchase of investment fixed assets		<u>(12,882)</u>		<u>(10,970)</u>	
			<u>(78,726)</u>		<u>(1,733,251)</u>
Decrease in Cash in the Year			<u>(530,481)</u>		<u>(1,003,003)</u>
Reconciliation of Net Cash Flow to Movement in Net Funds					
Decrease in cash in the year			(530,481)		(1,003,003)
Net funds at 1st September 2011			<u>(407,234)</u>		<u>595,769</u>
Net Deficit at 31st August 2012			<u>(937,715)</u>		<u>(407,234)</u>

Analysis of Net Funds	At 31st August 2011 £	Cash Flows	At 31st August 2012 £
Cash in hand, and at bank	<u>(407,234)</u>	<u>(530,481)</u>	<u>(937,715)</u>

The accompanying notes form part of these financial statements

Queenswood School Limited
Notes to the Financial Statements
For the Year Ended 31st August 2012

Accounting policies

A Basis of accounting

The financial statements of the Charity are prepared in accordance with The Charities Act 2006, The Charities (Accounts and Reports) Regulations and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), and with applicable accounting standards. These financial statements are drawn up on the historical cost accounting basis except that investment assets and certain tangible fixed assets are carried at valuation.

Change in accounting policy

Comparative figures have been restated to reflect a change in accounting policy. Freehold buildings are now not depreciated and instead an annual impairment review is done over the freehold buildings. Previously, the freehold buildings had been depreciated at various rates between 10 – 50 years. In the Governors' opinion, the revised accounting policy provides a more accurate representation of the true value of the freehold buildings.

	Profit for the period	Net assets
	£	£
As previously reported	(479,226)	9,627,241
Effect of change in method of depreciation	477,654	6,240,227
Restated values	<u>(1,572)</u>	<u>15,867,468</u>

B Basis of consolidation

The consolidated financial statements incorporate the results, assets and liabilities of Queenswood School Limited and all of its subsidiaries for the year. The results of its principal subsidiary are disclosed in note 2. A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemption afforded by paragraph 304 of the SORP and section 408 of the Companies Act 2006.

C 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 stated after deducting allowances, scholarships and other remissions granted by the School, but include contributions received from Restricted Funds for Scholarships, Bursaries and other grants.

D Donations

Donations are included in the year in which they are received and are included as "unrestricted funds" unless otherwise stipulated. Donations restricted by the specific wishes of the donors are taken to "restricted funds".

E Resources expended

Resources expended are accounted for on an accruals basis. They are recognised when there is a constructive or legal obligation to pay for expenditure. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. These estimates are based on staff time or on floor area as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the school, including strategic planning for future developments, external audit, any legal advice to the governors and all costs of complying with constitutional and statutory requirements, such as the costs of Governor's meetings and of preparing statutory accounts.

Queenswood School Limited
Notes to the Financial Statements
For the Year Ended 31st August 2012 (continued)

F Taxation

Under Section 505 of the Income and Corporation Taxes Act 1988 the Company is exempt from certain taxes. Full account is taken of tax credits attaching to covenants and dividends. The Company's subsidiary are subject to corporation tax.

No provision is made for deferred taxation under FRS19 as the trading subsidiary (Queenswood Enterprises Ltd) covenants its annual taxable surplus to the Company.

G Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land which is included at cost. The depreciation rates are calculated to write off this cost or valuation, less estimated residual value, of each asset evenly over its useful life as follows:

Freehold land and buildings are functional assets and are therefore shown at cost. Their value is maintained by a full programme of repair and renovation and the book value is substantially less than the present value for insurance purposes of approximately £55m. Therefore, no provision for depreciation on the freehold land and buildings is made. The freehold buildings are reviewed annually for any potential impairment.

Plant and motor vehicles	- over 5 years
Computer equipment	- over 2 years

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

H Grants and contributions

Income from grants and contributions is included in incoming resources when receivable.

I Fixed assets investments

Investments are shown in the balance sheet at market value. Realised profits or losses on sales of investments and the difference between cost and market value of investments are shown in the statement of financial activities for the year. Investment income is recognised on an accruals basis.

J Stocks

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

K Pensions

The Group contributes to two main pension schemes for the benefit of its employees, the Teachers Pension Scheme, a defined benefit scheme, and The Pension Trust, a defined contribution scheme, as well as two other schemes for individual staff. The funds are held independently of the Group's funds. The accounting policy follows the funding policy and accounts payable are charged to direct charitable expenditure so as to spread the cost of the pensions over the employees' working lives with the Group.

L Grants and bursaries

Bursaries and allowances from unrestricted funds towards school fees are treated as a reduction in those fees. Bursaries from restricted funds are included as expenditure in the period in which the award is given or committed.

M Fund accounting

Funds held by the Group are either:

Unrestricted general funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Governors.

Restricted funds

These are funds which have been given for particular purposes and projects.

N Leasing

Commitments under operating leases are charged against income on a straight line basis over the lease term.

Queenswood School Limited
Notes to the Financial Statements
For the year ended 31st August 2012 (Continued)

1 Fees	2012 £	2011 £
Fees receivable consist of		
Gross fees	9,802,945	9,618,906
Less,		
Total bursaries, scholarships and grants	(708,912)	(594,356)
Other discounts	(210,730)	(228,277)
	<u>(919,642)</u>	<u>(822,633)</u>
	8,883,303	8,796,273
Add back Bursaries paid for by restricted funds	<u>2,001</u>	<u>2,001</u>
	<u><u>8,885,304</u></u>	<u><u>8,798,274</u></u>

In total 90 (2011 79) pupils received some form of financial assistance towards fees

2 Trading Income

The Company's wholly owned trading subsidiary Queenswood Enterprises Limited's operations comprise the management and administration of lettings and sporting activities and the operation of the School shop and ancillary trading activities. Annual taxable profits are covenanted to the Company. Its trading results, extracted from its audited accounts were:

	2012 £	2011 £
Turnover	594,957	596,735
Cost of sales	<u>(238,372)</u>	<u>(254,329)</u>
Gross Profit	356,585	342,406
Administration	(275,864)	(267,245)
Other operating expenses	<u>(4,528)</u>	<u>(4,841)</u>
Operating profit	76,193	70,320
Interest receivable	161	156
Interest payable	<u>-</u>	<u>-</u>
Profit for the year	76,354	70,476
Donation to Queenswood School Limited	<u>(3,324)</u>	<u>(156)</u>
Retained Profit for the year	<u><u>73,030</u></u>	<u><u>70,320</u></u>

Details of the subsidiary's balance sheet are given in note 9

Reconciliation to Consolidated SOFA

	2012 £
Turnover	594,957
Interest receivable	161
Consolidated SOFA Turnover	<u><u>595,118</u></u>
Cost of sales	(238,372)
Other operating costs	(280,392)
Donation to Queenswood School Limited	(3,324)
Management, building usage charge and donation (intercompany transaction)	275,383
Consolidated SOFA Trading Expenditure	<u><u>(246,705)</u></u>

Queenswood School Limited
Notes to the Financial Statements
For the year ended 31st August 2012 (Continued)

3	Other Income	2012	2011
		£	£
	Other Incoming Resources		
	Rent receivable	61,041	62,450
	Other	<u>50,064</u>	<u>15,034</u>
		<u>111,105</u>	<u>77,484</u>
		2012	2011
		£	£
	Interest on cash deposits	94	395
	Other interest	70,815	73,126
	On listed investments	<u>12,882</u>	<u>11,220</u>
		<u>83,791</u>	<u>84,741</u>
		2012	2011
		£	<i>Restated</i> £
	Group direct charitable expenditure includes		
	Depreciation	236,706	243,149
	Auditors' remuneration (net of VAT)		
	For audit - School	16,500	16,500
	- Enterprises	5,500	5,500
	For other services	<u>1,100</u>	<u>1,000</u>
		<u>188</u>	<u>188</u>
		2012	2011
		£	£
	Staff costs during the year		
	Salaries	5,900,743	5,890,984
	Social security costs	516,511	515,244
	Other pension costs	<u>559,694</u>	<u>562,564</u>
		6,976,948	6,968,792
	Training, health & safety, recruitment	116,626	137,175
	Total staffing costs	<u>7,093,574</u>	<u>7,105,967</u>
		2012	2011
		£	£
	Higher Paid Employees		
	The number of higher paid employees was	2012	2011
	£60,001 - £70,000	2	2
	£70,001 - £80,000	2	2
	£80,001 - £90,000	-	-
	£90,001 - £100,000	1	1

Pension contributions amounting to £40,543 (2011 £40,543) were made for four (2011 four) higher paid employees

Governors' Remuneration

No Governor received any emoluments in the year ended 31 August 2012 (2011 £Nil) and Governors are not included in the number of persons employed given above. Three Governors were reimbursed travel expenses amounting to £2,109 (2011 three Governors £1,467)

Queenswood School Limited

Notes to the Financial Statements

For the year ended 31st August 2012 (Continued)

7 Analysis of Total Resources Expended 2012

	Staff Costs (incl Training) £	Other £	Depreciation £	Total 2012 £
Costs of generating funds				
Fundraising trading - Queenswood Enterprises Ltd	-	245,395	1,310	246,705
Fundraising for voluntary resources	73,430	21,588	-	95,018
Charitable Activities				
Education and boarding	4,591,439	569,851	-	5,161,290
Welfare	646,193	544,508	-	1,190,701
Premises	646,552	582,192	-	1,228,744
Technology	144,804	183,133	-	327,937
Administration costs	936,104	542,952	235,396	1,714,452
Governance costs	55,052	23,413	-	78,465
	<u>7,093,574</u>	<u>2,713,032</u>	<u>236,706</u>	<u>10,043,312</u>

Analysis of Total Resources Expended 2011 (comparative)

	Staff Costs (incl Training) £	Other £	Restated Depreciation £	Restated Total 2011 £
Costs of generating funds				
Fundraising trading - Queenswood Enterprises Ltd	-	258,673	1,310	259,983
Fundraising for voluntary resources	73,533	21,828	-	95,361
Charitable Activities				
Education and boarding	4,520,443	523,597	-	5,044,040
Welfare	662,778	498,728	-	1,161,506
Premises	635,307	636,505	-	1,271,812
Technology	143,984	246,817	-	390,801
Administration costs	1,014,584	415,887	241,839	1,672,310
Governance costs	55,338	22,834	-	78,172
	<u>7,105,967</u>	<u>2,624,869</u>	<u>243,149</u>	<u>9,973,985</u>

8 Tangible Fixed Assets Group

	Freehold Land and Buildings <i>Restated</i> £	Assets Under Construction	Plant and Equipment £	Fixtures and Fittings £	Motor Vehicles £	Total <i>Restated</i> £
Cost or Valuation						
At 31st August 2011	17,495,871	374,441	1,964,524	82,434	288,527	20,205,797
Additions	142,406	2,483	33,308	65,036	22,015	265,248
Disposals	(179,464)	-	(59,821)	-	-	(239,285)
At 31st August 2012	<u>17,458,813</u>	<u>376,924</u>	<u>1,938,011</u>	<u>147,470</u>	<u>310,542</u>	<u>20,231,760</u>
Depreciation						
At 31st August 2011	-	-	1,702,015	41,844	219,101	1,962,960
Charge for the year	-	-	194,656	23,442	18,608	236,706
Disposals	-	-	(59,821)	-	-	(59,821)
At 31st August 2012	<u>-</u>	<u>-</u>	<u>1,836,850</u>	<u>65,286</u>	<u>237,709</u>	<u>2,139,845</u>
Net Book Value						
At 31st August 2012	<u>17,458,813</u>	<u>376,924</u>	<u>101,161</u>	<u>82,184</u>	<u>72,833</u>	<u>18,091,915</u>
At 31st August 2011	<u>17,495,871</u>	<u>374,441</u>	<u>262,509</u>	<u>40,590</u>	<u>69,426</u>	<u>18,242,837</u>

Assets fully depreciated included amount to Group £2,016,157 (2011 £1,568,224), Company £1,993,832 (2011 £1,545,899)

Assets under construction relate to planning, architectural design and other professional costs for Queenswood Hall

Queenswood School Limited
Notes to the Financial Statements
For the year ended 31st August 2012 (Continued)

8 Continued

Company	Freehold Land and Buildings <i>Restated</i>	Assets Under Construction	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Total <i>Restated</i>
Cost or Valuation	£		£	£	£	£
At 31st August 2011	17,495,871	374,441	1,957,972	80,661	267,974	20,176,919
Additions	142,406	2,483	33,308	65,036	22,015	265,248
Disposals	(179,464)	-	(59,821)	-	-	(239,285)
At 31st August 2012	<u>17,458,813</u>	<u>376,924</u>	<u>1,931,459</u>	<u>145,697</u>	<u>289,989</u>	<u>20,202,882</u>
Depreciation						
At 31st August 2011	-	-	1,698,663	40,071	197,239	1,935,973
Charge for the year	-	-	193,346	23,442	18,608	235,396
Disposals	-	-	(59,821)	-	-	(59,821)
At 31st August 2012	<u>-</u>	<u>-</u>	<u>1,832,188</u>	<u>63,513</u>	<u>215,847</u>	<u>2,111,548</u>
Net Book Value						
At 31st August 2012	<u>17,458,813</u>	<u>376,924</u>	<u>99,271</u>	<u>82,184</u>	<u>74,142</u>	<u>18,091,334</u>
At 31st August 2011	<u>17,495,871</u>	<u>374,441</u>	<u>259,309</u>	<u>40,590</u>	<u>70,735</u>	<u>18,240,946</u>

	Group		Company	
	2012	2011 <i>Restated</i>	2012	2011 <i>Restated</i>
	£	£	£	£
Cost	<u>15,063,392</u>	<u>15,100,450</u>	<u>15,063,392</u>	<u>15,100,450</u>

Freehold land and buildings at cost or valuation includes £2,395,421 at 31st March 1979 revalued on the basis of re-instatement cost less allowance for age after taking account of subsequent disposals. In accordance with FRS 15 - Tangible Fixed Assets this valuation has been frozen and treated as an historic cost. The buildings have been insured on a declared value of £55,000,000.

Following a review, no impairment has been identified.

Assets under construction relate to planning, architectural design and other professional costs for Queenswood Hall.

9 Fixed Asset Investments

Group	2012 Restricted Funds £	2011 Restricted Funds £
At 31st August 2011	324,003	306,867
Additions	12,882	10,970
Unrealised gains	29,448	6,166
At 31st August 2012	<u>366,333</u>	<u>324,003</u>
UK Equities	<u>366,333</u>	<u>324,003</u>
All investments are held in UK equity funds		
Historical cost at 31st August 2012	<u>284,070</u>	<u>271,188</u>
Company	2012 £	2011 £
As above	366,333	324,003
Investment in subsidiary companies	<u>200,000</u>	<u>200,000</u>
	<u>566,333</u>	<u>524,003</u>

Queenswood School Limited
Notes to the Financial Statements
For the year ended 31st August 2012 (Continued)

9 Fixed Asset Investments (continued)

The company owns 100% of the equity of the following subsidiary, which was incorporated in England and Wales

Subsidiary company	Holding	Nature of business
Queenswood Enterprises Limited	Ordinary shares	Management of the letting of Queenswood School Ltd's facilities to external clients

The assets and liabilities of Queenswood Enterprises Limited were

	£	£
Tangible fixed assets	581	1,891
Current assets	630,402	538,400
Creditors amounts falling due within one year	(143,689)	(114,979)
Creditors & debtors amounts falling due after more than one year	(26,376)	(37,424)
	<u>460,918</u>	<u>387,888</u>
Representing		
Share capital	200,000	200,000
Profit and loss account	<u>260,918</u>	<u>187,888</u>
	<u>460,918</u>	<u>387,888</u>

Details of the subsidiary's profit and loss account are given in note 2

10 Stocks

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Goods for resale	<u>57,789</u>	<u>50,727</u>	<u>26,158</u>	<u>22,907</u>

11 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Due within one year				
School fees	624,618	488,078	624,618	488,078
Trade debtors	79,704	142,162	16,686	45,782
Prepayments and accrued income	<u>82,863</u>	<u>101,405</u>	<u>80,481</u>	<u>100,495</u>
	<u>787,185</u>	<u>731,645</u>	<u>721,785</u>	<u>634,355</u>

Queenswood School Limited
Notes to the Financial Statements
For the year ended 31st August 2012 (Continued)

12 Creditors	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year				
Current instalments due on loans, grants and deposits (note 13)	161,989	133,401	150,941	122,353
Bank over draft	1,098,351	447,980	1,098,351	496,224
Trade creditors	177,088	501,231	174,907	498,204
School fees in advance	970,234	1,038,075	970,234	1,038,075
Other taxation and social security costs	149,972	155,310	149,972	155,310
Other creditors	57,283	28,709	57,283	28,709
Accruals and deferred income	113,595	231,526	72,416	189,134
Amounts due to group undertakings	-	-	391,785	343,122
VAT payable	89,288	57,705	7	(807)
	<u>2,817,800</u>	<u>2,593,937</u>	<u>3,065,896</u>	<u>2,870,324</u>
13 Creditors	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due after more than one year				
School fees deposits	935,959	918,776	935,959	918,776
School fees in advance	22,413	-	22,413	-
Grant and contributions	37,424	48,472	-	-
	<u>995,796</u>	<u>967,248</u>	<u>958,372</u>	<u>918,776</u>
Less Amounts due within one year (note 12)	<u>(161,989)</u>	<u>(133,401)</u>	<u>(150,941)</u>	<u>(122,353)</u>
	<u>833,807</u>	<u>833,847</u>	<u>807,431</u>	<u>796,423</u>
The fee deposits and fees in advance mature as follows				
Within one year	150,941	122,353	150,941	122,353
Within one and two years	408,448	380,990	408,448	380,990
Within two and five years	301,708	275,947	301,708	275,947
After five years	97,275	139,486	97,275	139,486
The grant and contributions mature as follows				
Within one year	11,048	11,048	-	-
Within one and two years	11,048	11,048	-	-
Within two and five years	15,328	26,387	-	-
14 Share Capital			2012	2011
			£	£
Allotted, called up and fully paid				
23 Governors' shares of £1 each			<u>23</u>	<u>23</u>

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For the year ended 31st August 2012 (Continued)

15 Allocation of the Charity Net Assets

	Fixed Assets £	Investments £	Net Current Assets £	Long Term Liabilities £	Total £
The net assets are held for the various funds as follows					
Restricted funds	-	366,333	475,021	-	841,354
Unrestricted funds					
Designated funds - LTA	-	-	37,424	-	37,424
General reserves	18,091,915	-	(2,324,637)	(833,807)	14,933,471
	<u>18,091,915</u>	<u>366,333</u>	<u>(1,812,192)</u>	<u>(833,807)</u>	<u>15,812,249</u>

16(a) Funds

Group	At 31st August 2011 <i>Restated</i> £	Incoming Resources £	Resources Expended £	Investment Gains £	Transfers £	At 31st August 2012 £
Unrestricted						
Called up share capital	23					23
General	14,182,960	9,685,668	(10,039,044)	-	49,009	13,878,593
Revaluation reserve	1,054,856	-	-	-	-	1,054,856
Designated	57,231	-	-	-	(19,807)	37,424
Restricted	667,102	178,273	(4,268)	29,448	(29,202)	841,353
	<u>15,962,172</u>	<u>9,863,941</u>	<u>(10,043,312)</u>	<u>29,448</u>	<u>-</u>	<u>15,812,249</u>

Company	At 31st August 2011 <i>Restated</i> £	Incoming Resources £	Resources Expended £	Investment Gains £	Transfers £	At 31st August 2012 £
Unrestricted						
Called up share capital	23					23
General	13,995,070	9,365,934	(9,792,338)	-	49,009	13,617,675
Revaluation reserve	1,054,856	-	-	-	-	1,054,856
Designated	57,231	-	-	-	(19,807)	37,424
Restricted	667,102	178,273	(4,268)	29,448	(29,202)	841,353
	<u>15,774,282</u>	<u>9,544,207</u>	<u>(9,796,606)</u>	<u>29,448</u>	<u>-</u>	<u>15,551,331</u>

16(b) Designated Funds

The LTA grant £37,424 is the only designated fund, which represents the original monies received in 1994 adjusted for depreciation each year to represent the net book value of the tennis courts

Queenswood School Limited
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For the year ended 31st August 2012 (Continued)

17 Restricted Funds

Restricted funds comprise the following unexpended balance of donations and grants held on trust to be applied for bursaries to fund girls' education in Queenswood School Limited, and sums set aside for future development

	At 31st August 2011	Incoming resources	Resources expended	Investment gains	Transfers	At 31st August 2012
Winifred Turner Legacy	193,629	7,698	-	17,598	-	218,925
Crystabel Rushbrooke Bequest	130,378	5,184	-	11,850	-	147,412
Prizes, Scholarships and Bursaries	68,117	31,048	(3,488)	-	(27,560)	68,117
The Handoo Gift	100,000	25,975	(780)	-	780	125,975
Queenswood Hall	172,303	105,946	-	-	-	278,249
Other	2,675	2,422	-	-	(2,422)	2,675
	<u>667,102</u>	<u>178,273</u>	<u>(4,268)</u>	<u>29,448</u>	<u>(29,202)</u>	<u>841,353</u>

The Handoo Gift relates to a specific donation which has been treated as restricted funds to the express purpose of applying the generated interest to a Handoo bursary

Queenswood Hall relates to donations made as restricted funds to the construction of a new School hall

Transfers - relate to expenditure by the School towards prizes, scholarships and bursaries

18 Reconciliation of changes in resources to Net Cash (outflows)/Inflows from Operating Activities

	2012	2011 <i>Restated</i>
	£	£
Net outgoing resources	(149,923)	(1,572)
Depreciation	236,706	243,149
Interest received	(12,882)	(11,220)
Profit on disposal of tangible fixed assets	(19,940)	-
Decrease in creditors	(434,465)	489,358
Increase in debtors	(47,623)	6,824
Increase in stock	(7,062)	(1,346)
Unrealised gain on investment	(29,448)	(6,166)
	<u>(464,637)</u>	<u>719,027</u>

19 Capital Commitments

At 31 August 2012 the group had no capital expenditure contracted for not provided for in the financial statements (2011 £Nil)

20 Financial Commitments

At 31st August 2012 the group has annual commitments under non cancellable leases as follows

	2012	2011
	Equipment £	Equipment £
< 1 year	16,204	1,519
1 - 2 years	80,004	39,027
2 - 5 years	144,527	99,586
	<u>240,735</u>	<u>140,132</u>

21 Related party transactions

The school has taken advantage of the exemption in FRS8 from the requirement to disclose transactions between itself and its subsidiary on the basis that the subsidiary is 100% owned and full consolidated accounts are produced

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Notes to the Financial Statements
For the year ended 31st August 2012 (Continued)

22 Pension Costs

Teaching staff

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

The Government Actuary's Department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The pension charge for the year includes contributions payable to the TPS of £413,564 (2011: £435,007).

Other Schemes

The school introduced the Independent Schools' Pension Scheme (ISPEN) from September 2008 for non-teaching staff. It also participates in the Pensions Trust's Growth Plan (the Plan). It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers for both Schemes. This is because the Schemes are multi-employer Schemes where the Scheme assets are co-mingled for investment purposes and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the Schemes, the accounting charge for the period under FRS17 represents the employer contribution payable.

The pension charge for the year includes contributions payable to the ISPEN Scheme of £83,478 (2011: £52,499) and to the Plan of £58,480 (2011: £73,426). The amounts outstanding at the year end were nil (2011: nil).

ISPEN

The last formal valuation of the ISPEN Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £77.4 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £25.3 million, equivalent to a past service funding level of 75%.

Queenswood School Limited
Notes to the Financial Statements
For the year ended 31 August 2012 (Continued)

22 Pension Costs (cont)

Current legislation requires trustees to achieve a Statutory Funding Objective and to maintain contributions and investment returns at a level that ensures that the Schemes liabilities are matched by its assets. The Scheme actuary prepared an actuarial report that provides an approximate update on the funding position of the Scheme as at 30 September 2009. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in assets of the Scheme to £95.1 million and indicated an increase in the shortfall of assets compared with liabilities to approximately £32.6 million equivalent to a past service funding level of 74.5%. Annual funding updates of the ISPEN Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the Scheme since the last full valuation. The following notes relate to the valuation carried out in September 2008.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows -

	% pa
Investment Return pre retirement	7.60
Investment return post retirement - non pensioner	5.20
Investment return post retirement - pensioner	5.70
Rate of salary increase	3.70
Pension Increases	
- Limited price indexation (5% cap)	3.00
- Limited price indexation (3% cap)	2.60
- Limited price indexation (2.5% cap)	2.30
Rate of price inflation	3.20
Assumed life expectancy in years at age 65 - Males	
Non pensioners	24.40
Pensioners	22.30
Assumed life expectancy in years at age 65 - Females	
Non pensioners	27.00
Pensioners	25.00

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £25.3 million would be dealt with by the payment of deficit contributions of 3.9% of pensionable salaries from 1 September 2010 to 31 March 2018 (3.5% for the Career Average Revalued Earnings benefit structure) and 0.4% from 1 April 2018 to 31 August 2030 for the final salary benefit structures. These deficit contributions are in addition to the long-term joint contribution rates set for the school.

Growth plan

The last formal valuation of the Plan was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (ie past service liabilities) were £771 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows -

	% pa
Investment Return pre retirement	7.60
Investment return post retirement - non pensioner	5.10
Investment return post retirement - pensioner	5.60
Rate of salary increase	3.20

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For the year ended 31 August 2012 (Continued)

22 Pension Costs (cont)

The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities, the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision, the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation has not been finalised, the 2008 valuation results will be used since it was the last completed valuation.