

**Channing House Incorporated, Highgate**  
(Limited by Guarantee)

**REPORT AND FINANCIAL STATEMENTS**

For the year ended  
31 August 2011

THURSDAY



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COMPANIES HOUSE

Company No 63121  
Registered Charity No 312766

# Channing House Incorporated, Highgate

(Limited by Guarantee)

## GOVERNORS, OFFICERS AND ADVISERS

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To be presented at the Annual General Meeting of the company to be held at Channing School, The Bank, Highgate Hill, London N6 5HF on 22 March 2012

### GOVERNORS

The Board of Governors may appoint any member of the Association as a Governor, either to fill a casual vacancy or by way of addition to the board. On appointment, Trustees are briefed on their responsibilities as Trustees, Directors and Governors. They are also encouraged to attend training courses on the roles of Governors run by AGBIS. All Trustees are required to confirm that they will support the Unitarian traditions of the School. Except as otherwise indicated the following were Governors during the year

Mr M Steiner*	MA (Oxon) (Chairman)	
Mr SD Barber *	BSc (Econ) FCA (Vice Chairman)	
Dr M Agass	FRCGP	(appointed 23 June 2011)
Mr A Appleyard	BSc (Reading)	(appointed 24 March 2011)
Mrs M Banks *	MBE MEd	(resigned 23 June 2011)
Ms CEA Budgett-Meakin	BA (Kent)	
Mr JM Burns	MA (Oxon)	
Baroness J Coussins	MA (Cantab)	
Prof J Dacre	BSc (London)	
Miss JAM Davidson	BSc (London)	
Mrs EJ De Swiet	MA (Cantab)	
Ms M Jayaweera	MA (Cantab)	(appointed 23 June 2011)
Mr R Katz *	MSI	
Ms C Leslie	LLB (Bristol)	
Ms D Patman *	FRICS ACI Arb	
Miss M Rudland	BSc	(appointed 24 March 2011)
Mrs VA Schilling	MCSP	(resigned 23 June 2011)
Mrs C Stephenson	Cert Ed	
Dr T Stone	MA (Cantab) PhD	
Dr AG White	MB ChB FRCP DPhys Med	
Dr DJ Williams	MB BCh	

\* Members of the Finance and General Purposes Committee

### MEMBERS OF ASSOCIATION

The Members of the Association, except as otherwise indicated, throughout the year were, in addition to the Governors listed above

Mr G A Auger	FCCA	
Mrs M Banks	MBE MEd	(appointed 23 June 2011)
Professor HG Beale	MA (Oxon)	
Mrs D Bond	BA (Cantab)	
Mr S M D Brown	JP BA (Dunelm)	
Baroness C Cox	MSc (Econ) PhD	
Dr AP Hogg	MA (Oxon) PhD (London)	
Mrs S Moloney	SRN RHV	
Mrs VA Schilling	MCSP	(appointed 23 June 2011)
Mr L P Shurman	MA (Oxon)	
Mr ME Thorncroft	BSc (Est Man) (Lond) FRICS	
Dr K J I Thorne	MA PhD (Cantab)	
Miss EM Tucker	MA (Cantab)	
Mrs L Turner	MA B Lit (Oxon)	
Dr DL Wykes	BSc PhD	

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GOVERNORS, OFFICERS AND ADVISERS

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## OFFICERS

The Headmistress	Mrs B M Elliott MA (Cantab)
The Bursar	Mr R K J Hill MA ACMA
Address	Channing School Highgate London N6 5HF

## ADVISERS

Bankers	Lloyds TSB Bank plc 51 Highgate High Street London N6 5LA
Solicitors	Kingsley Napley Kings Quarter 14 St John's Lane London EC1M 4BJ  SNR Denton One Fleet Place London EC4M 7WS
Auditor	Baker Tilly UK Audit LLP Chartered Accountants 1 <sup>st</sup> Floor 46 Clarendon Road Watford Herts WD17 1JJ
REGISTERED OFFICE	Channing School Highgate London N6 5HF

# Channing House Incorporated, Highgate

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## GOVERNORS' REPORT

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### REFERENCE AND ADMINISTRATIVE INFORMATION

The School was incorporated on 27 July 1899 and is a company limited by guarantee, its members being members of the Association, having a liability not exceeding £5 each. The School was established under a Memorandum of Association which established the objects and powers of the charitable School and is governed under its Articles of Association. The company is a registered charity with charity number 312766 and company number 63121. The Governors of the School, who are also the charity trustees, and the School's principal officers and advisers are listed on pages 1 and 2.

### GOVERNANCE, MANAGEMENT AND STRUCTURE

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmistress and the Bursar.

### RECRUITMENT AND TRAINING OF GOVERNORS

Governors are appointed as vacancies arise. In making appointments Governors take into account the skills that are required by the School. Potential candidates who possess the requisite personal and specialist skills are identified, discussed by Governors and invited to become a Governor as appropriate.

New Governors are provided with information about the School and appropriate training and induction is arranged.

### RISK MANAGEMENT

Governors are responsible for the management of the risks faced by the School. The Governors routinely consider any perceived risks facing the School and are assisted in this regard by the Headmistress, Bursar and other members of the School's Senior Management Team. Key controls used by the Governors to identify and assess risks during the year include:

- Formal agenda items for Governors' Committee meetings
- Sub Committees to oversee key areas of School activity including education, strategy, estates and finance. Ad hoc Committees are also established from time to time to review specific aspects of School activity
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal authorisation and approval levels
- Regular Health and Safety reviews and inspections
- Maintaining appropriate insurance

Through the above risk management processes the Governors are satisfied that major risks are identified and as far as practicable adequately mitigated. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed. The School maintains a comprehensive risk register which is regularly reviewed and is presented to the Governors at least annually. The major risks which the School must ensure it manages effectively include application of safeguarding principles to ensure that the welfare of pupils is paramount, unexpected loss or damage to property and buildings, maintaining the robustness and integrity of the School's ICT systems and ensuring that the School is in a strong position to continue developing its aims and objectives during the current uncertain economic climate.

### OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

The School's principal purpose is to carry on a day School for girls and supply the girls with instruction of the highest class together with moral and religious training.

Within this purpose, the School aims to educate its pupils to be happy, fulfilled and productive members of society, ready to adapt positively to whatever challenges life may bring. The School is large enough to ensure academic rigour and provide excellent facilities but small enough to enjoy a real sense of community. To

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GOVERNORS' REPORT

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achieve this, the School has the following overarching objectives

- To develop and implement a curriculum which meets the academic, social and personal needs of individual pupils within the community
- To develop and maintain a varied programme of co-curricular activities that complements the academic curriculum and so far as is possible is open to as many girls as wish to participate in it
- To maintain and develop an ordered environment that supports, stimulates and motivates pupils
- To make efficient and economic use of resources human, physical and financial

## REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

During the year the School has continued to work towards achieving its published strategic objectives, which are identified below along with the main achievements against each objective

**1. To offer an intellectually stimulating environment that is consistent with the School's aims and which ensures that girls acquire the best education and qualifications for the next stage of education.**

During the year, the School has again delivered excellent academic achievements with 23% A\* and 45% A Grades at A level. Additionally 88% of pupils at A level achieved grades A\*- B. The results are equally impressive at GCSE with 92% of grades being at A\* or A grades and 99.8% A\*- C grades. The School continues to offer triple science GCSE and has also started a trial of a double award GCSE mathematics qualification.

**2. To provide and maintain a Healthy School that is safe and secure for all pupils, staff and visitors to the School.**

The School remains a Healthy School and a number of ongoing initiatives are undertaken to ensure the students appreciate the benefits of a healthy lifestyle.

**3. To provide financial assistance and academic awards which enable and encourage applications from all suitably qualified girls.**

The School has continued to operate its financial awards policy. The level of bursaries and concessions was £431,408 in comparison to £359,492 during the previous year.

**4. To increase the Sixth Form to 120 girls and to maintain an optimum size for the School.**

The School continues to make efforts to increase the size of the Sixth form and currently we have over 100 girls in the Sixth Form. It is intended that the School will remain a medium sized one where pupils will continue to be known by all staff. The Governors will continue to conduct regular reviews of the size and shape of the School going forward.

**5. To ensure that the School is properly funded, delivers value for money and makes best use of its existing assets.**

The School continues to build up its development function in order to engage more widely and actively with the wider Channing community as well as identifying possible sources of funds to support the School's ambitions. The Governors approved expenditure in year on developing plans for new and modernised sport and music/performance facilities as well as plans to enlarge the dining room and build a new electrical sub station.

**6. To improve the School's achievements in sport and music.**

As identified above, the School submitted an application to the London Borough of Haringey during the year for the development of new sporting and musical facilities. Further amendments have also been made to the PE curriculum increasing access to sport and fitness for all pupils.

**7. To achieve "Green Flag" status as an eco School.**

The School continues to increase awareness of environmental issues within the School. An application for Green Flag status has now been submitted and it is hoped that the assessment will take place during the Winter of 2011.

**8. To raise the profile of Channing School.**

The School continues to increase contact with former staff and pupils. The School also continues to invest in

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## GOVERNORS' REPORT

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improving its website and other publications in order to increase awareness of the School both locally and nationally

### REVIEW OF OTHER ACHIEVEMENTS

The School continues to support a large number of charitable and cultural activities and in particular makes a significant contribution to the community through many local activities including musical and sporting events as well as participating in local events. The school has also held events during the year to support a number of charities in particular the Alexandra Wylie Foundation which was established in memory of a former pupil of the school. The Young Enterprise scheme and the Duke of Edinburgh programme continue to enjoy significant popularity within the School and a number of pupils have now successfully completed the Gold Duke of Edinburgh Award.

### PUBLIC BENEFIT

The Governors confirm that, to the best of their knowledge and belief, they have complied with Section 4 of the Charities Act 2006 in respect to having due regard to public benefit guidance published by the Charity Commission.

The School provides public benefit in many ways. The School provides Bursaries on entry to the School at Year 7 and Year 12. The School implemented, in 2010, a revised policy of the Governing Body designed to increase the availability of awards made on the basis of ability to pay. This has resulted in Bursaries and concessions increasing from £359,492 in 2010 to £431,408 during the current year. The School also provides hardship support for families of current pupils whose circumstances change significantly such that their ability to pay is affected.

Additionally the School actively participates in the East London Consortium of State and Independent Schools, invitations are extended to local Schools to attend workshops and presentations from visiting speakers and the School also makes available its facilities including for use by local Schools and community. Activities this year have included amongst many others:

- Working within the East London Consortium to deliver a creative writing workshop for pupils within the consortium and to organise a visit to Cambridge University to explore opportunities for potential medical students
- Extending invitations to local Primary and Secondary Schools for pupils to attend lectures and presentations given by visiting speakers and writers

### FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Statement of Financial Activities on page 9 shows Net Incoming Resources for the year of £117,506 (2010 Net Incoming Resources of £13,748).

The level of activity and year end financial position of the School is considered satisfactory. The School is currently forecasting a surplus for 2011/12. The accumulated retained unrestricted deficit has arisen due to expenditure on major building works and the School's facilities generally in prior years. During the year it was decided to continue to invest into the fabric of the School both to advance essential maintenance as well as to provide enhancements for the pupils and staff, including refurbished classrooms and science and ICT facilities. In addition £224,874 of expenditure was incurred in developing plans for new and modernised sport and music/performance facilities. Capital expenditure of £409,271 has also been incurred in respect of the provision of new and enhanced science facilities, creating a new entrance to the school, and completion of the replacement of part of the School's heating system.

### FUTURE PLANS

These are set out in the strategic objectives identified above, the overall aim of which is to ensure that Channing School is the first choice girls School for local families. As identified above, the school has plans to develop new sports and music/performance facilities subject to planning permission being granted.

The Governors' current policy is to build up reserves out of net incoming resources, subject to ensuring the School is equipped with the up to date facilities needed to maintain the standard of educational services.

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## GOVERNORS' REPORT

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### FUNDS HELD

Note 11 to the financial statements sets out an analysis of the School's restricted and designated funds and their attributable assets and liabilities. These net assets are sufficient to meet the charity's obligations on a fund by fund basis. The School's tangible assets are all held for use in the School.

In considering the level of the School's reserves the Governors take into account the funds held in respect of final term deposits and advance fees falling due in more than one year. On this basis Governors consider the School's level of reserves at the year end to be satisfactory albeit it is intended to replenish the Retained Deficit unrestricted fund from future net incoming resources. The School is currently forecasting net incoming resources for 2011/12.

#### Restricted Funds

Scholarship, Prize and Bursary Funds

This represents bequests and donations received by the School, which are subject to the specific wishes of the donor. These funds are matched by investments. Movements in the fund during the year comprise investment income and interest. This income is used to fund Scholarships and Bursaries for pupils attending the School.

#### Designated Fund

Freehold Land and Buildings Fund

Following a review of the School's funds the Governors decided to dispense with the need to have a fund that represents the total amount (at cost less depreciation) invested in freehold land and buildings for use by the School.

The School's funds continue to be reviewed annually by the Governors in the context of the School's needs and obligations.

### INVESTMENTS

The Governors have agreed that investments are held to create income to help fund the Scholarships and Bursaries awarded. Investments are held in a mixture of listed investments and cash deposits and managed so as to maintain their contribution whilst preserving the real value of the investments. Over the year ended 31 August 2011, the market value of the School's investments increased by £2,894 (2010 increased by £7,138).

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Governors in office on the date of this report have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Approved by the board of Governors and  
Signed on its behalf by

R K J Hill  
Bursar and Company Secretary

24 November 2011

# Channing House Incorporated, Highgate

(Limited by Guarantee)

## GOVERNORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The Governors (who are also directors of Channing House Incorporated, Highgate 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 the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments 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

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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Channing House Incorporated, Highgate (Limited by Guarantee)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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We have audited the financial statements of Channing House Incorporated, Highgate for the year ended 31 August 2011 on pages 9 to 19. 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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors (trustees) and auditor**

As explained more fully in the Statement of Governors' responsibilities set out on page 7, the trustees (who are also the directors of the 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its 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 Companies Act 2006.

#### **Opinion on other requirement of the Companies Act 2006**

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

#### **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:

- the charity has not kept adequate accounting records, 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.

*Baker Tilly UK Audit Ltd*

GLYN FRANCIES (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
1<sup>st</sup> Floor  
46 Clarendon Road  
Watford  
Herts  
WD17 1JJ

29 November 2011

**Channing House Incorporated, Highgate**  
(Limited by Guarantee)  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)**  
For the Year Ending 31 August 2011

	Notes	Unrestricted Funds £	Restricted Funds £	2011 £	2010 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from</b>					
<b>Generated Funds</b>					
Voluntary income		27,507	15,000	42,507	5,607
Investment income		-	7,915	7,915	5,557
Bank interest		7,119	-	7,119	6,751
<b>Income from Charitable Activities</b>					
Tuition fees receivable	1	7,578,844	-	7,578,844	6,942,035
Sundry other income	2	85,598	-	85,598	59,984
<b>Total Incoming Resources</b>		<u>7,699,068</u>	<u>22,915</u>	<u>7,721,983</u>	<u>7,019,934</u>
<b>RESOURCES EXPENDED</b>					
<b>Cost of Generating Funds</b>		-	-	-	-
<b>Charitable activities:</b>					
Teaching costs		4,972,505	-	4,972,505	4,694,042
Catering		258,694	-	258,694	308,279
Maintenance, premises and occupancy		1,369,560	-	1,369,560	1,023,400
Administration and School expenses		944,287	-	944,287	924,750
Grants, awards and prizes		-	7,915	7,915	6,458
<b>Governance costs</b>		<u>51,516</u>	<u>-</u>	<u>51,516</u>	<u>49,257</u>
<b>Total Resources Expended</b>	4	<u>7,596,562</u>	<u>7,915</u>	<u>7,604,477</u>	<u>7,006,186</u>
<b>Net incoming resources before transfers</b>		<u>102,506</u>	<u>15,000</u>	<u>117,506</u>	<u>13,748</u>
Transfers between funds	5	-	-	-	-
<b>Net incoming resources</b>		<u>102,506</u>	<u>15,000</u>	<u>117,506</u>	<u>13,748</u>
Gain on revaluation of investments - unrealised	7	-	2,894	2,894	7,138
<b>Net movement in funds</b>		<u>102,506</u>	<u>17,894</u>	<u>120,400</u>	<u>20,886</u>
Balances brought forward at 1 September 2010		(129,317)	202,378	73,061	52,175
Balances carried forward at 31 August 2011	11	<u>(26,811)</u>	<u>220,272</u>	<u>193,461</u>	<u>73,061</u>

The net movement in funds for the year arises from the School's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities

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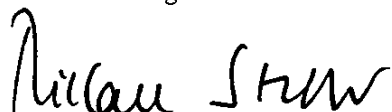
Company Number 63121

## BALANCE SHEET

As at 31 August 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	6	1,079,246	773,620
Investments	7	220,272	202,378
		<u>1,299,518</u>	<u>975,998</u>
<b>CURRENT ASSETS</b>			
Debtors	8	218,061	225,862
Cash at bank and in hand		1,388,118	466,273
		<u>1,606,179</u>	<u>692,135</u>
<b>CREDITORS</b> Amounts falling due within one year	9	(1,637,673)	(1,141,330)
<b>NET CURRENT LIABILITIES</b>		<u>(31,494)</u>	<u>(449,195)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,268,024</b>	<b>526,803</b>
<b>CREDITORS</b> Amounts falling due after more than one year	10	(1,074,563)	(453,742)
<b>NET ASSETS</b>		<u><b>193,461</b></u>	<u><b>73,061</b></u>
<b>RESTRICTED FUNDS</b>	11(a)	220,272	202,378
<b>UNRESTRICTED FUNDS</b>			
Designated	11(b)	-	300,099
Retained deficit	11(c)	(26,811)	(429,416)
<b>TOTAL FUNDS</b>		<u><b>193,461</b></u>	<u><b>73,061</b></u>

The financial statements were approved and authorised for issue by the Board of Governors on 24 November 2011 and signed on their behalf by

  
M Steiner (Chairman)

# Channing House Incorporated, Highgate

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## CASH FLOW STATEMENT

for the year ended 31 August 2011

	Notes	2011 £	2010 £
Net cash flow from operating activities	(A)	1,331,082	249,933
Returns on investments and servicing of finance			
Bank interest received		7,119	6,751
Investment income		7,915	5,557
		15,034	12,308
Capital expenditure		(409,271)	(403,483)
Increase/(Decrease) in cash in the year	(B)	936,845	(141,242)

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET RESOURCES

	2011 £	2010 £
Increase/(Decrease) in cash in the year	936,845	(141,242)
Net resources at 1 September 2010	526,355	667,597
Net resources as at 31 August 2011	1,463,200	526,355

### A – RECONCILIATION OF NET INCOMING RESOURCES TO OPERATING CASH FLOWS

	2011 £	2010 £
Net incoming resources	117,506	13,748
Add Depreciation	103,645	39,262
Less Investment income and bank interest	(15,034)	(12,308)
Decrease/(Increase) in debtors	7,801	(51,345)
Increase in creditors	1,117,164	260,576
	1,331,082	249,933

### B – ANALYSIS OF THE BALANCES OF CASH AS SHOWN IN THE BALANCE SHEET

	At 1st September 2010 £	Cash flow £	At 31st August 2011 £
Cash at bank and in hand	466,273	921,845	1,388,118
Investments – cash deposits	60,082	15,000	75,082
	526,355	936,845	1,463,200

# Channing House Incorporated, Highgate

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## ACCOUNTING POLICIES

For the year ended 31 August 2011

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### BASIS OF FINANCIAL STATEMENTS

The accounts of the School are prepared in accordance with the Companies Act 2006, and with applicable accounting standards. They are also prepared in accordance with the Charities (Accounts and Reports) Regulations and the Statement of Recommended Practice "Accounting and Reporting by Charities 2005". The accounts are drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value.

The nature of the School's activities are such that fee income represents the majority of the School's income. Fee income is billed and received one term in advance. Forecasts are produced on this basis and are provided to the Governors. Accordingly no material uncertainties that may cast significant doubt about the ability of the School to continue as a going concern have been identified by the Governors.

### FEES RECEIVABLE AND SIMILAR INCOME

Fees receivable comprise tuition fees charged to pupils net of Scholarships, concessions and Bursaries, and are accounted for in the year to which they relate.

### FIXED ASSETS

Land and buildings are carried in the balance sheet at original cost less accumulated depreciation as the Governors consider that it is not appropriate to incur the expense of obtaining valuations of such assets. The cost of new buildings is added to fixed assets although repairs, alterations and improvements that do not materially enhance the economic benefit of the buildings are expensed as incurred, such costs are often substantial. The insured value of the School's assets is shown in note 6.

Furniture and teaching equipment are expensed in the period of acquisition. Such items will generally cost less than £6,000 per individual item and will include computers and ancillary items.

### DEPRECIATION

Depreciation is calculated by reference to the cost of fixed assets using a straight line basis at rates considered appropriate having regard to the expected lives of the assets. Depreciation is not provided on freehold land.

The annual rates of depreciation in use are

Freehold buildings	1% - 2.5%
Plant, Equipment, Fixtures and Fittings	10% - 33.3%
Motor Vehicles	25%

### INVESTMENTS

Investments held, as fixed assets to provide an investment return, are stated in the balance sheet at their open market value as at the balance sheet date. Any resulting unrealised gain or loss is taken to the fund to which it relates.

### FUNDS

The funds of the School are segregated between

(i) Restricted Funds

- Scholarship, Prize and Bursary Funds

The School receives some of its income primarily for the provision of Scholarships, Bursaries and prizes. This income is credited directly to the relevant fund account. All expenditure in relation to this income is charged directly to the relevant fund account.

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## ACCOUNTING POLICIES

For the year ended 31 August 2011

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### FUNDS (continued)

#### (ii) Unrestricted Funds

- Designated Fund

##### Freehold Land and Building Fund

This fund represented the total amount (at cost, less depreciation) invested in freehold land and buildings for use by the School. The fund was dispensed with during the year and the balance brought forward at 1 September 2010 was transferred to the Retained deficit.

### VALUE ADDED TAX

The School is not registered for value added tax. All expenditure is therefore included in the expense category to which it relates inclusive of any value added tax.

### VOLUNTARY INCOME

Voluntary donations received for the general purposes of the School are credited to the School's General funds on a receivable basis. Donations subject to specific wishes of the donors are carried to the relevant restricted fund.

### PENSION COSTS

Retirement benefits for most teachers of the School are provided by the Teachers Pension Scheme (TPS). The TPS is a multi employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the Scheme. Accordingly, the School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the Scheme as if it were a defined contribution scheme.

The School also operates defined contribution schemes for certain other senior staff. Contributions to these schemes are charged to the Statement of Financial Activities in the year in which they are incurred.

### RESOURCES EXPENDED

Costs are apportioned to the charitable activities on a reasonable basis, such as the department that staff are primarily employed by. Certain costs are netted off against related income.

Costs are recognised when a liability, or constructive obligation, has occurred.

Governance costs are those expenses related to the strategic governance of the School and include external audit fees, costs relating to the governors such as training and reimbursed expenses, and an appropriate proportion of the costs of the bursar which are deemed to relate to the governance of the School.

### OPERATING LEASES

Rental payments on operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

# Channing House Incorporated, Highgate

(Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2011

### 1 TUITION FEES RECEIVABLE

Fees receivable are stated net of Scholarships, Concessions and Bursaries awarded In 2011 Scholarships, Concessions and Bursaries awarded totalled £741,995 (2010 £634,361)

### 2 SUNDRY OTHER INCOME

	2011 £	2010 £
Recharges to pupils (net surplus)	30,523	12,259
Entrance and registration fees	39,700	30,450
Rental and other income	13,600	15,600
Hire of facilities	1,775	1,675
	<b>85,598</b>	<b>59,984</b>

### 3 RESOURCES EXPENDED

	2011 £	2010 £
Charitable activities includes		
Repair and maintenance of buildings	578,120	500,622
Plans for new Sport and Music/Performance Facilities	224,874	17,614
Operating lease rentals	14,088	3,483
Depreciation	103,645	39,262
Auditor's remuneration		
For audit services – Baker Tilly UK Audit LLP	26,400	25,855
For payroll services - Baker Tilly Tax and Accounting Limited	17,971	15,454
For other services-Baker Tilly Tax and Accounting Limited	3,756	10,986
Staff costs (see note 4) comprise		
Wages and salaries	4,687,493	4,501,120
Social security costs	387,174	375,491
Pension contributions	529,643	512,320
	<b>5,604,310</b>	<b>5,388,931</b>

The average monthly number of employees during the year was made up as follows

	2011		2010	
	Full time	Part time	Full time	Part time
Teaching	58	24	57	19
Technical and support	5	4	6	4
Catering	6	9	6	9
Maintenance and caretaking	3	-	3	-
Administrative	11	3	11	3
	<b>83</b>	<b>40 *</b>	<b>83</b>	<b>35 *</b>

\* Equivalent to 19 (2010 16) number of full time employees

The School also made payments to 24 peripatetic teachers (2010 24)

# Channing House Incorporated, Highgate

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2011

### 3 RESOURCES EXPENDED (*continued*)

The number of employees whose emoluments (excludes employers' pension contribution) exceeded £60,000 was

	2011	2010
£60,001 – £70,000	2	1
£80,001 – £90,000	1	1
£100,001 – £110,000	1	1

Contributions were made to the Teachers' Pension Scheme, which is a defined benefits scheme, for 3 higher paid employees. A contribution of £11,858 (2010 £11,796) was also made to a defined contribution scheme for 1 higher paid employee.

No member of the Association or Board of Governors received any remuneration or other benefits from the School. Five (2010 five) Governors were reimbursed travelling and incidental expenses totalling £1,852 (2010 £1,469). The insurance premium paid by the School includes an element of cover for 'directors'. The Board of Governors are also company directors, for Companies Act purposes.

4 ANALYSIS OF TOTAL RESOURCES EXPENDED	Direct Staff costs	Other support costs	Depreciation	2011 Total	2010 Total
	£	£	£	£	£
Cost of Generating Funds	-	-	-	-	-
Charitable activities					
Teaching costs	4,260,263	707,584	4,658	4,972,505	4,694,042
Catering (other support costs are net of lunch recharges)	322,645	(63,951)	-	258,694	308,279
Maintenance, premises and occupancy	130,117	1,140,456	98,987	1,369,560	1,023,400
Administration and School expenses	661,830	282,457	-	944,287	924,750
Grants, awards and prizes	-	7,915	-	7,915	6,458
Governance costs	22,164	29,352	-	51,516	49,257
	<u>5,397,019</u>	<u>2,103,813</u>	<u>103,645</u>	<u>7,604,477</u>	<u>7,006,186</u>
Peripatetic teaching costs recharged to pupils	<u>207,291</u>				<u>193,793</u>
	<u><b>5,604,310</b></u>				
2010	<u>5,388,931</u>	<u>1,771,786</u>	<u>39,262</u>		<u>7,199,979</u>



# Channing House Incorporated, Highgate

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2011

### 5 TRANSFERS

The transfer from the Designated Freehold Land and Buildings Fund to the School's Retained deficit reflects the decision of the Governors to dispense with this Unrestricted Fund

6 TANGIBLE FIXED ASSETS	Freehold land and buildings	Buildings in the course of construction	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
31 August 2010	522,838	-	504,996	18,632	1,046,466
Additions	74,597	210,000	124,674	-	409,271
31 August 2011	597,435	210,000	629,670	18,632	1,455,737
Depreciation					
31 August 2010	222,739	-	45,449	4,658	272,846
Charged in the year	12,440	-	86,547	4,658	103,645
31 August 2011	235,179	-	131,996	9,316	376,491
Net book value					
31 August 2011	362,256	210,000	497,674	9,316	1,079,246
31 August 2010	300,099	-	459,547	13,974	773,620

Freehold land and buildings include an estimate by the Governors of the original cost of the land and buildings at £56,000 (2010 £56,000). The School's buildings (excluding the value of freehold land) have been valued for insurance purposes in excess of £20,000,000. The Governors believe that the value of the School's land, comprising just under 3 hectares in North London is very significantly in excess of its book value.

Since 1 September 2008 additions to Tangible Fixed Assets have totalled £1,056,319

7 INVESTMENTS	2011 £	2010 £
Market value at 31 August 2010	202,378	195,240
Additions	15,000	-
Revaluations	2,894	7,138
Market value at 31 August 2011	220,272	202,378
Historical cost of Investments	99,582	84,582
Investments comprise the following		
Listed on Stock Exchange	145,190	142,296
Cash deposits	75,082	60,082
The School had investment holdings of greater than 5% of overall market value in the following		
Charities Official Investment Fund	104,996	103,520
J P Morgan Fleming UK Equity Income Fund	20,928	20,164
M&G Equities Investment Fund for Charities	18,027	17,323

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2011

8	DEBTORS	2011 £	2010 £
	Fees receivable	13,144	13,502
	Other debtors *	19,043	16,211
	Prepayments and accrued income	185,874	196,149
	<i>* Included in other debtors is £6,985 (2010 £3,633) falling due in more than one year</i>	218,061	225,862
9	CREDITORS Amounts falling due within one year	2011 £	2010 £
	Advanced Fees received 1 year in advance (see Note 10)	889,255	203,648
	Other Fees received in advance	272,915	343,445
	Other taxes and national insurance contributions	117,573	120,578
	Other creditors	203,194	311,427
	Accruals	154,736	162,232
		1,637,673	1,141,330
10	CREDITOR Amounts falling due after more than one year	2011 £	2010 £
	Advanced Fees (see below)	917,563	352,242
	Final Term Deposits – falling due in more than 5 years	157,000	101,500
		1,074,563	453,742
	<b>Advanced fees</b>		
	Parents are offered the opportunity to pay tuition fees in advance. Certain parents have taken advantage of this offer and have entered into an arrangement with the School to pay tuition fees in advance. Advance Fee payments are paid direct to the School and may be returned, subject to specific conditions, on the receipt of one term's notice. Assuming pupils will remain with the School the amounts held in respect of fees falling due in more than one year will be applied to offset tuition fees as follows:		
		2011 £	2010 £
	Fees due in 1 – 2 years	418,193	101,142
	Fees due in 2 – 5 years	434,870	204,180
	Fees due in more than 5 years	64,500	46,920
		917,563	352,242
	Fees due within 1 year	889,255	203,648
		1,806,818	555,890
	The movements during the year were as follows -	2011 £	2010 £
	Balance at 1 September	555,890	421,680
	Amounts received during the year	1,454,576	279,767
	Amounts utilised in payment of fees	(203,648)	(145,557)
	Balance at 31 August	1,806,818	555,890

# Channing House Incorporated, Highgate

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2011

11	FUNDS - ALLOCATION OF NET ASSETS	Tangible fixed assets £	Investments £	Net current liabilities £	Creditors falling due after more than 1 year £	Total £
	Restricted funds	-	220,272	-	-	220,272
	Unrestricted funds	1,079,246	-	(31,494)	(1,074,563)	(26,811)
		<u>1,079,246</u>	<u>220,272</u>	<u>(31,494)</u>	<u>(1,074,563)</u>	<u>193,461</u>

Included in Restricted Funds are cumulative unrealised gains of £120,690 (2010 £117,796)

11a	RESTRICTED FUNDS	Balance 31 August 2010 £	Incoming resources £	Resources expended £	Gain on revaluation of investments £	Balance 31 August 2011 £
	Scholarship, Prize and Bursary Funds	202,378	22,915	(7,915)	2,894	220,272

11b	DESIGNATED FUNDS	Balance 31 August 2010 £	Incoming resources £	Resources expended £	Transfers £	Balance 31 August 2011 £
	Freehold Land and Buildings Fund	300,099	-	-	(300,099)	-

The Governors decided to dispense with this Unrestricted Fund accordingly the balance brought forward at 1 September 2010 has been transferred to the School's Retained deficit

### 11c RETAINED DEFICIT

The Governors intend to replenish this fund from future net incoming resources The School is currently forecasting net incoming resources in 2011/12

## 12 SHARE CAPITAL

The company is limited by guarantee and has no share capital, members having a liability not exceeding £5 each

## 13 PENSION COMMITMENTS

### a) Teachers

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit contributory scheme administered by the Department for Education The scheme automatically covers teachers in full time employment who have not elected to opt out of the scheme in order to make alternative pension provision The scheme provides pension benefits based on final pensionable salary Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2011

### 13 PENSION COMMITMENTS (*continued*)

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The School is therefore unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has accounted for its contributions as if it were a defined contribution scheme.

The pensions cost is assessed not less than every four years in accordance with the advice of the government actuary. However, as a consequence of the Spending Review announcements and the outcome of the expected final report of the Independent Public Service Pensions Commission, the valuation as at 31 March 2008 has been suspended. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Notional value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.9%
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Following the implementation of Teachers' Pensions (Miscellaneous Amendments) Regulations 2006 with effect from 1 January 2007 the level of employers' contributions have been 14.1% and employees' contributions 6.4%.

The superannuation cost charge represents contributions payable to the fund and amounted to £419,221 (2010 £395,613). As at 31 August 2011 there were outstanding contributions payable to the fund of £51,556 (2010 £47,432). The contributions of the School represent a minor proportion of the payments into the scheme.

#### b) Other staff

The School also operates defined contribution schemes for other staff. The assets of these schemes are held separately from those of the School in funds administered by insurance companies. The pension cost charge represents contributions payable in respect of these schemes and amount to £110,421 (2010 £116,707). £nil (2010 £10,002) was payable to these schemes at the year end.

### 14 COMMITMENTS

As at 31 August 2011 the School had commitments for contracted building improvement and repairs expenditure totalling £618,000 (2010 £116,325).

### 15 OPERATING LEASE ARRANGEMENTS

As at 31 August 2011 the School had minimum lease payments under non-cancellable operating leases, in aggregate, as follows -

	2011 £	2010 £
Amounts due on operating leases expiring - Between two and five years	14,227	14,088

Operating lease payments represent rentals payable for photocopiers and other equipment.