

Report of the Directors and
Financial Statements
for the year ended 31 August 2005
for
Heathfield School (Limited by Guarantee)



Heathfield School (Limited by Guarantee)

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Heathfield School (Limited by Guarantee)

Company Information

For the year ended 31 August 2005

DIRECTORS:	Mrs S V Tulk-Hart Miss H N Campbell Mr T Cross Brown Mr A L Deal Mrs C E Deedes Mrs J A Dollar Mr R T J Wreford Mrs F A Olesen Rev W B Pugh Mr R B Gregory Mr J C B Sutherell Mr G Savage
HEADMISTRESS:	Mrs F King
SECRETARY:	Mr J M J Bueno
REGISTERED OFFICE:	The Bursar's Office Heathfield School London Road Ascot Berkshire SL5 8BQ
REGISTERED NUMBER:	556463 (England and Wales)
CHARITY REGISTERED NUMBER:	309086
AUDITORS:	Pridie Brewster Chartered Accountants Mount Manor House 16 The Mount Guildford Surrey GU2 4HS
SOLICITORS:	Veale Wasbrough Orchard Court Orchard Lane Bristol BS1 5WS
BANKERS:	Barclays Bank Plc 19 High Street Ascot Berkshire SL5 7LB

Heathfield School (Limited by Guarantee)

Financial Statements

For the year ended 31 August 2005

Report of the Directors

The directors (who are the Members of Council and who also act as trustees) submit herewith their Report and Accounts for the year ended 31 August 2005.

Status

The organisation is a charitable company limited by guarantee, incorporated on 26 October 1955 and registered as a charity on 17 October 1963. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles the members of the council are elected at the Annual General Meeting and each year the longest serving one-third of council members will be retired by rotation. The number of serving trustees is between three and fifteen.

The objects for which the Association is established are:

- a) To carry on, whether in the UK or abroad, a school or schools where girl students may obtain a sound education of the highest order;
- b) To act without remuneration as a trust corporation in relation to charitable, ecclesiastical or public trusts;
- c) To provide prizes, scholarships and exhibitions for students;
- d) To provide any accommodation deemed desirable for pupils and employees of the school.

These are set out in the school's governing document - the Memorandum and Articles of Association of Heathfield School dated 26 October 1955 as amended 13 November 2002.

Policy

The school's policy is to enable the girls to attain their full potential, both in academic and non academic activities.

Organisation

The directors determine the general policy of the school. The Headmistress and the Bursar control the daily management of the school.

Activities

Heathfield School is a company limited by guarantee having no share capital and was incorporated on 26 October 1955.

The company is a Registered Charity, No. 309086, which operates as a non-profit making body and runs a girls' school at Heathfield, Ascot, Berkshire.

Review of business

Financial

The accounts for the year show a surplus of income over expenditure before reorganisation costs of £202,759 (2004: £292,055) before reorganisation costs of £258,481. As a registered Charity all surpluses are applied for the benefit of the school.

During the year £219,771 (2004: £362,335) was spent on capital improvements.. The Directors are of the opinion that the reserves on the Income and Expenditure account of £2,640,001 (2004: £2,695,723) are sufficient to meet the school's obligations for the foreseeable future. (See page 7 for note on reserves.)

The school continues to expend significant amounts on maintenance to keep the buildings in good order and provide an appropriate attractive learning environment for pupils and staff.

Exam Results

In 2005 the school once again broke school records for its A Level results. At GCSE 68.6% scored A*-A (60% in 2004). At A Level 60% scored A grades (50.5% in 2004).

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For the year ended 31 August 2005
Report of the Directors

Heathfield in the Community

The school continues to involve itself in the local community in a number of ways. Six external organisations use the swimming pool to teach swimming and for training towards selection for National Teams. Two organisations use the Sports Hall for training in Dance and Ballet. The local parish holds their annual Parish Party in the school grounds.

The school has links with the local community and beyond, supporting this through community work and fund raising. The school works closely with Portesbery School for the Disabled, hosting various events throughout the year for its children and staff. About thirty girls are involved in the Duke of Edinburgh Award Scheme and through this are involved in community service including visiting the old and assisting with handicapped children.

The school has a longstanding link with St Saviours Priory in the East End to which financial support is sent. The Priory supports the school with their prayers and provides the opportunity for school retreats; we are looking forward to the opportunity of extending this link. Other fund raising activities are held throughout the year aimed at raising funds for national and international charities. In 2005 £7,176 was raised by pupils, staff and parents.

The school spent the year exploring the avenues appropriate to pursue with regard to fundraising. This will include raising money for both capital projects and also for scholarships and bursaries in order to extend external access to the school.

International Links

The school is linked with schools in Paris and Southern Germany and the girls are encouraged to take part in trips to Paris, Barcelona and Aix en Provence as part of their curriculum.

The choir tours annually, with the 2005 trip to Rome and 2006 to New York. The Geography department regularly joins with Wellington College for their field trip to the Alps.

The majority of Upper Sixth leavers use their gap year helping in charity work abroad. The school supports directly a school in southern India through the Flip Fund, founded in memory of a pupil at Heathfield.

Drama & Music

The school's senior production was "The Happiest Days of our Life" and in the summer the juniors performed "Alice in Wonderland". The choir sang at a number of venues in Rome including St Peter's Basilica and also at the Fellowship Christmas Service at St Paul's Knightsbridge.

The Fellowship

The Heathfield Fellowship continues to raise money to enable daughters of old girls to attend the school, and contributes towards other charities including Flip's Fund.

Numbers

At the start of the academic year numbers in the school stood at 207 all of whom were boarders. There were 68 girls in the sixth form.

Staff Reorganisation Programme

During the academic year the Directors of the school undertook a teaching and boarding staff reorganisation programme in order to better align the structure with that of a vibrant school required for success in the 21st century. The reorganisation strengthened the management team with the appointment of an Academic Deputy Head and an Assistant Head Pastoral. The cost of the reorganisation is shown in the accounts (page 8) as an exceptional item and includes the professional fees and staff costs incurred on a non recurring basis. The benefits of the cost reductions in staff costs will accrue in future years

Development and Marketing

At the commencement of the academic year the Directors of the school appointed a Director of Marketing and a Director of Development. The more focused marketing effort resulted in an increase in our pupil roll to 215 for the 2005-06 academic year. On the development front, a great deal of effort went into the creation of a new data base thereby capturing the required detail of potential philanthropic donors to be contacted at the appropriate time. The effort culminated in the creation of the Heathfield School Foundation which will be the legal entity through which all activities will be managed.

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Report of the Directors

Merger

On the 28th February 2006 it was announced that the school will merge with St Mary's Wantage to form one school called, "Heathfield St Mary's", which will be fully operational from 1st September, 2006. The newly combined school will be located at Heathfield's current 35-acre site in Ascot incorporating superb new facilities and offering one of the best full boarding environments for girls in the country.

The decision to merge the schools will secure the long-term future of both institutions in the increasingly competitive independent school market where a larger critical mass of girls is vital. The merger will make one school which is able to offer superb education, boarding and facilities, and retain the small school ethos and pastoral care not found at larger schools.

The benefits from the merger will generate significant funds for immediate investment allowing Heathfield St Mary's to increase the number of girls that it can accommodate. This will provide both academic and social advantages for the pupils. Immediate plans include the provision of VIth Form en suite accommodation, a performing arts centre and a new state of the art teaching centre with more classrooms and science laboratories. Longer term, the school intends to increase the amount of staff accommodation, upgrade the library and build a new medical centre.

Directors and trustees

The Members of the Council are listed below, and held office throughout the year under review except where noted.

Mr T Cross Brown (Chairman of the Council)
Mrs S V Tulk Hart (Vice-Chairman)
Miss H N Campbell (resigned 15.11.05)
Mr A Deal
Mrs C E Deedes
Mrs J A Dollar
Mr R T Wreford
Mrs F Olesen (resigned 03.01.06)
Rev W B Pugh
Mr R B Gregory
Mr J C B Sutherell +
Mrs J Davies (appointed 15.02.05, resigned 30.08.05)
Mr G Savage (appointed 15.02.05)

+Parent of pupil

Rotation of directors

Mr R B Gregory, Mr J C B Sutherell and Mrs C E Deedes retire by rotation and, being eligible, offer themselves for re-election.

Risk management

As part of the school's Risk Management programme, the Governors have formed a sub-committee to consider all possible risks to the future of the business. As a result certain areas of risk have been identified and actions have been put in place to avert and overcome any such eventualities.

Investment Powers

The management committee has the power to invest monies of the charity not immediately required for its purposes in or upon such investments securities or property as may be thought fit.

Grant Making Policy

This year the charity awarded sponsorships and bursaries in excess of £134,000 (2004:£109,000). The trustees' policy is to award scholarships on the basis of outstanding academic ability and bursaries on the basis of providing financial support.

Heathfield School (Limited by Guarantee)
Financial Statements
For the year ended 31 August 2005
Report of the Directors

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial statements. In preparing those financial statements, the directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the "going concern" basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities. The directors 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.

The accounts comply with Heathfield's Memorandum and Articles of Association.

Staff

The Directors wish to express their gratitude to the Headmistress, the Bursar and all other members of the Staff for their continued dedication to the interests of the pupils of Heathfield School.

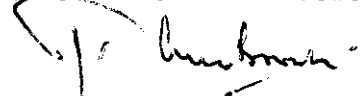
Funding

The Trustees are satisfied that the charity's assets attributable to each of its individual funds are available and adequate to fulfill its obligations in relation to those funds,

Auditors

Pridie Brewster offer themselves for reappointment as auditors within section 385 of the Companies Act 1985.

BY ORDER OF THE DIRECTORS

 28th MARCH 2006
Mr. T Cross Brown
Trustee

Heathfield School (Limited by Guarantee)
Financial Statements
For the year ended 31 August 2005
Report of the Auditors

We have audited the financial statements on pages 9 to 17, which have been prepared under the historical cost convention, and the accounting policies set out on pages 7 and 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 5, the Company's directors (who are trustees for the purpose of charity law) are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

Basis of opinion

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

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

Opinion

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 2005 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pridie Brewster
Registered Auditors
Chartered Accountants
Mount Manor House
16 The Mount
Guildford
Surrey GU2 4HS



Date: 28/8/06.

Heathfield School (Limited by Guarantee)
Accounting Policies
For the year ended 31 August 2005

ACCOUNTING CONVENTION

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

The principal accounting policies of the company are set out below.

INCOME

Fees receivable

These represent fees charged to pupils with incidental fees and disbursements disclosed separately and are accounted for in the period in which the service is provided.

Donations

All monetary donations are included in full in the statement of financial activities when received, provided that there are no donor - imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Grants receivable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable and transferred to unrestricted funds up to the level of expenditure incurred. Depreciation on the fixed assets purchased with such grants is then charged against unrestricted funds.

TANGIBLE FIXED ASSETS

Depreciation is provided on cost less residual value at the following rates in order to write off assets over their estimated useful lives:

Freehold buildings	2%
Swimming pool	3 ¹ / ₃ %
Equipment	20%
Motor vehicles	20%
Organ and Grand Piano	5%
Tip Heat	6 ² / ₃ %

The Charity holds no inalienable or historic assets.

The policy for depreciating freehold buildings is to provide a charge of 2% on cost less residual value. In accordance with FRS 15 no depreciation has been charged on the school buildings because the residual value exceeds the carrying value. The school has a thorough maintenance programme to keep the buildings in good repair, and an annual insurance review is carried out. This is the basis for an impairment review, and gives no reason to suggest that the insurance valuation is incorrect.

If the residual value of the buildings were to fall below the carrying value, then depreciation would be charged at 2%.

STOCK

Stock is valued at the lower of cost and net realisable value to the school.

BENEFITS IN KIND AND GIFTS

Gifts donated to the school during the year and the value of services provided by the Trustees have not been included in the financial statements.

Heathfield School (Limited by Guarantee)
Accounting Policies
For the year ended 31 August 2005

RESOURCES EXPENDED

Resources expended are recognised in the period in which they are incurred.

GRANTS POLICY

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

FUND ACCOUNTING

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds, which have been designated for specific purposes by the Trustees.

RESERVES

The General Reserve is comprised of appropriations made and appeal monies received and applied against capital projects undertaken since 1986. The reserve amounted to £2,299,864 at 31 August 2005.

The playground fund is a specific fund for the purpose of the construction of a playground area. The restricted reserve amounted to £21,490 at 31 August 2005.

A restricted fund for buildings work has been set up with the aim of setting funds aside strictly for use on the schools ten-year building project. The balance on the reserve as at 31 August 2005 was £500,000.

All reserves have been built up over the years to be used in various projects such as the construction of the swimming pool, building of new accommodation and computer facilities for the pupils.

The Trustees have set aside reserves in order to protect the future operations of the charity from the effects of any unforeseen variations in its income stream as part of the policy of good financial management practice.

CONTRIBUTIONS TO PENSION FUNDS

Pensions

The Charity contributes to the Teachers Pension Scheme at rates set by the Teachers Pension Agency, part of the department of education and skills. The Charity also contributes to a defined contribution scheme for non-teaching staff operated by the Pensions' Trust.

Heathfield School participates in the Church of England Funded Pensions Scheme and employs 1 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Heathfield School is unable to identify its share of underlying assets and liabilities - each employer in that scheme pays a common contribution rate. The latest valuation of the scheme was carried out as at 31 December 2003. This revealed a shortfall of £91m, with assets of £196m and a funding target of £287m, assessed using the following assumptions:

- Investment return 6.8% pa
- Increase in pensionable stipends 3.8% pa
- Pension increase 3.8% pa

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Heathfield School to account for pension costs on the basis of contributions actually payable to the scheme in the year. Following the results of the valuation, the Heathfield School contribution rate increased from 29.5 % to 33.8% of pensionable stipends with effect from 1 April 2005.

Heathfield School (Limited by Guarantee)

**Statement of Financial Activities
for the Year Ended 31 August 2005**

			31.8.05		31.8.04
	Notes	Restricted Funds £	Unrestricted Funds £	Total £	£
Incoming Resources					
Donations and gifts		-	1,293	1,293	17,262
Operating activities:					
Charity objects	1	-	5,068,336	5,068,336	4,881,712
Generating funds		-	29,475	29,475	27,868
Investment income		-	36,747	36,747	25,466
Other income		-	11,459	11,459	7,750
Total incoming resources		-	<u>5,147,310</u>	<u>5,147,310</u>	<u>4,960,058</u>
Less: Resources Expended					
Cost of generating funds					
Charitable expenditure:					-
Cost of activities for charitable objectives	2	-	4,632,086	4,632,086	4,287,629
Support costs		-	286,673	286,673	316,914
Management and administration		-	25,792	25,792	63,460
Total charitable expenditure	3	-	<u>4,944,551</u>	<u>4,944,551</u>	<u>4,668,003</u>
Net incoming resources					
- Net income for the year before exceptional items		-	202,759	202,759	292,055
Reorganisation costs	21	-	<u>258,481</u>	<u>258,481</u>	-
Net (deficit) / income for the year after exceptional items			(55,722)	(55,722)	292,055
Gross transfers between funds		-	-	-	-
Net movement in funds		-	(55,722)	(55,722)	292,055
Fund balances brought forward at 1 September 2004		<u>521,490</u>	<u>4,995,587</u>	<u>5,517,077</u>	<u>5,225,022</u>
Fund balances carried forward at 31 August 2005		<u>521,490</u>	<u>4,939,865</u>	<u>5,461,355</u>	<u>5,517,077</u>

All amounts derive from continuing activities.

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

Heathfield School (Limited by Guarantee)

Balance Sheet
31 August 2005

	Notes	<u>31.08.05</u>		<u>31.08.04</u>	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	8		5,333,336		5,342,479
CURRENT ASSETS:					
Stocks	9	16,059		8,050	
Debtors	10	1,504,284		1,417,959	
Cash at bank and in hand		<u>945,284</u>		<u>856,122</u>	
			2,465,627		2,282,131
CREDITORS: Amounts falling due within one year	11	<u>(2,026,181)</u>		<u>(1,946,505)</u>	
NET CURRENT ASSETS:			<u>439,446</u>		<u>335,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			5,772,782		5,678,105
Creditors:					
Amounts falling due after more than one year	12		(308,543)		(158,144)
Provisions for liabilities and charges	13		<u>(2,884)</u>		<u>(2,884)</u>
Net assets			<u>5,461,355</u>		<u>5,517,077</u>
FUNDS:	14				
Unrestricted funds					
Income and expenditure account		2,640,001		2,695,723	
General Reserve		2,299,864		2,299,864	
Restricted funds					
Restricted Reserve		21,490		21,490	
Building Reserve		<u>500,000</u>		<u>500,000</u>	
School Funds			<u>5,461,355</u>		<u>5,517,077</u>

ON BEHALF OF THE BOARD:


Mr. T Cross Brown
TRUSTEE


Mr. R T J Wreford
TRUSTEE

Approved by the Board on: 28th MARCH 2006

Heathfield School (Limited by Guarantee)

Cash Flow Statement
for the year ended 31 August 2005

	Note	2005 £	2004 £
Net cash inflow from operating activities	16	263,913	636,411
Returns on investment and servicing of finance	17	36,737	25,465
Capital expenditure and financial investment	17	(219,616)	(362,335)
Financing			
Donations received		<u>1,293</u>	<u>17,262</u>
Increase in cash		<u>82,327</u>	<u>316,803</u>
Reconciliation of net cash flow to movement in net funds			
Movement in net funds in the period		82,327	316,803
Net funds 1 September 2004		<u>856,122</u>	<u>539,319</u>
Net funds 31 August 2005	18	<u>938,449</u>	<u>856,122</u>

Heathfield School (Limited by Guarantee)
Notes to the Financial Statements
for the year ended 31 August 2004

1. ACTIVITIES IN FURTHERANCE OF CHARITY'S OBJECTS					
			2005	2004	
			£	£	
Fees receivable			4,555,255	4,452,200	
Less bursaries			(134,460)	(109,518)	
Summer school			318,689	219,380	
Extras and disbursements			<u>328,852</u>	<u>319,650</u>	
			<u>5,068,336</u>	<u>4,881,712</u>	
2. COSTS OF ACTIVITIES IN FURTHERANCE OF CHARITY'S OBJECTS					
			2005	2004	
			£	£	
School			4,081,757	3,802,521	
Summer school			232,250	182,407	
Extras and disbursements			<u>318,081</u>	<u>302,701</u>	
			<u>4,632,088</u>	<u>4,287,629</u>	
3. ANALYSIS OF TOTAL RESOURCES EXPENDED					
	Staff Costs	Other Costs	Depreciation	Total	2004
	£	£	£	£	£
Cost of generating funds	-	-	-	-	-
Charitable activities			-		
Teaching	2,514,087	1,051,442	-	3,565,529	3,506,393
Premises	572,468	265,175	228,914	1,066,557	781,236
Support costs	252,470	34,203	-	286,673	316,914
Management & admin	-	25,792	-	25,792	63,460
	<u>3,339,025</u>	<u>1,376,612</u>	<u>228,914</u>	<u>4,944,551</u>	<u>4,668,003</u>
4. OPERATING DEFICIT/SURPLUS					
			2005	2004	
			£	£	
The operating deficit/surplus is stated after charging / (crediting):					
Depreciation			228,914	194,786	
Staff costs (note 5)			3,339,025	3,170,633	
Auditors' remuneration			6,463	6,980	
Profit on sale of assets			(155)	0	
Exceptional Items			<u>258,481</u>	<u>0</u>	
5. DIRECTORS AND EMPLOYEES					
			2005	2004	
			£	£	
Wages and salaries			2,881,627	2,811,794	
Social security costs			240,508	236,325	
Pension costs			<u>216,890</u>	<u>122,514</u>	
			<u>3,339,025</u>	<u>3,170,633</u>	
The average weekly number of employees during the period was as follows:					
			2005	2004	
Teaching			55	54	
Administration, catering, and grounds			<u>88</u>	<u>80</u>	
			143	134	
Less peripatetics			<u>(3)</u>	<u>(4)</u>	
			<u>140</u>	<u>130</u>	

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2005

In accordance with charity law and the Articles of Association of the company the directors are prohibited from receiving any remuneration, but they may claim travel expenses.

	2005 £	2004 £
Employees earning £40,000 per annum or more received remuneration in the following band:		
£40,000 - £49,999	7	3
£50,000 - £59,999	2	2
£60,000 - £69,999	<u>1</u>	<u>-</u>

During the year the following directors were reimbursed travel expenses:-

Mrs Deedes	259	195
Mrs Tulk-Hart	538	537
Mr Wreford	191	91
Rev Pugh	178	23
Mr Savage	<u>78</u>	<u>-</u>
	<u>1,244</u>	<u>846</u>

At the year end nothing was outstanding (2004 - £ nil)

6. INTEREST PAYABLE

	2005 £	2004 £
On bank loans and overdraft	<u>10</u>	<u>1</u>

7. TAXATION

The charitable company is exempt from corporation tax on its activities.

8. TANGIBLE FIXED ASSETS

	Swimming Pool £	Freehold Properties £	Tip Heat £	Motor vehicles, equipment and organ £	Total £
Cost					
At 1 September 2004	1,232,451	3,649,161	187,846	863,253	5,932,711
Additions	-	9,080	-	210,691	219,771
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2005	<u>1,232,451</u>	<u>3,658,241</u>	<u>187,846</u>	<u>1,073,944</u>	<u>6,152,482</u>
Depreciation					
At 1 September 2004	176,304	-	45,061	368,867	590,232
Charge for year	41,379	-	12,523	175,012	228,914
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2005	<u>217,683</u>	<u>-</u>	<u>57,584</u>	<u>543,879</u>	<u>819,146</u>
Net book value					
At 31 August 2005	<u>1,014,768</u>	<u>3,658,241</u>	<u>130,262</u>	<u>530,065</u>	<u>5,333,336</u>
At 31 August 2004	<u>1,056,147</u>	<u>3,649,161</u>	<u>142,785</u>	<u>494,386</u>	<u>5,342,479</u>

The insured value of the Main School, Sports Hall, Swimming Pool and other buildings is £22,627,661.

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2005

8. TANGIBLE FIXED ASSETS (CONTINUED)

All tangible fixed assets are used for direct charitable purposes. The "tip heat" project makes use of waste heat generated on the adjacent landfill site into useful heat for the school buildings and hot water.

The school does not own or have the use of any inalienable assets.

No impairment of the freehold property was evident as confirmed by the insurance valuation.

9. STOCKS

	2005 £	2004 £
Household and consumable materials	<u>16,059</u>	<u>8,050</u>

10. DEBTORS

	2005 £	2004 £
Fees receivable	1,384,076	1,304,224
Other debtors	59,855	42,820
Income tax recoverable on donations	-	5,815
Prepayments	<u>60,353</u>	<u>65,100</u>
	<u>1,504,284</u>	<u>1,417,959</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank overdraft	6,835	-
Fees in advance	1,702,679	1,526,875
Trade creditors	27,845	26,225
Social security and other taxes	78,249	84,657
Accruals	92,463	167,534
Sundry creditors	<u>118,110</u>	<u>141,214</u>
	<u>2,026,181</u>	<u>1,946,505</u>

Under the provisions of Section 38 of the Charities Act 1993, the company has authority to seek overdraft facilities of £350,000. The overdraft facility arranged is secured by a fixed charge over the school buildings.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Pupils' deposits	<u>308,543</u>	<u>158,144</u>

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2005

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions and similar obligations £	Pensions and similar obligations £
At 1 September 2004	2,884	2,884
Released during year	<u>0</u>	<u>0</u>
At 31 August 2005	<u>2,884</u>	<u>2,884</u>

The provision relates to potential employers pension contributions due, if an employee takes up entry into the company pension scheme.

14. RESERVES

	Restricted Building fund £	Playground fund £	Unrestricted Income and expenditure account £	General reserve £	Total £
At 1 September 2004	500,000	21,490	2,695,723	2,299,864	5,517,077
Net incoming resources before Transfers	-	-	-	-	-
Transfer between funds	-	-	-	-	-
Transfer between reserves	-	-	-	-	-
Deficit on Ordinary Activities	<u>-</u>	<u>-</u>	<u>(55,722)</u>	<u>-</u>	<u>(55,722)</u>
At 31 August 2005	<u>500,000</u>	<u>21,490</u>	<u>2,640,001</u>	<u>2,299,864</u>	<u>5,461,355</u>

15. CAPITAL COMMITMENTS

No capital expenditure has been contracted for at 31 August 2005.

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2005

16. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005	2004
	£	£
Operating (deficit) / surplus	(55,722)	292,055
Less donations received (includes Swimming Pool Covenants)	(1,293)	(17,262)
Less interest received	(36,747)	(25,466)
Add interest paid	10	1
Depreciation	228,914	194,786
(Profit) on sale of fixed assets	(155)	-
Decrease/(increase) in stocks	(8,009)	7,273
(Increase) in debtors	(86,325)	(9,538)
Increase in creditors	<u>223,240</u>	<u>194,562</u>
Net cash inflow from operating activities	<u>263,913</u>	<u>636,411</u>

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2005	2004
	£	£
Return on investments and servicing of finance		
Interest received	36,747	25,466
Interest paid	<u>(10)</u>	<u>(1)</u>
	<u>36,737</u>	<u>25,465</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(219,771)	(362,335)
Proceeds on sale of assets	<u>155</u>	<u>-</u>
	<u>(219,616)</u>	<u>(362,335)</u>

18. ANALYSIS OF NET FUNDS

	At 1 September 2004	Cash flow	At 31 August 2005
	£	£	£
Cash at bank	856,122	89,162	945,284
Bank overdraft	<u>-</u>	<u>(6,835)</u>	<u>(6,835)</u>
	<u>856,122</u>	<u>82,327</u>	<u>938,449</u>

Heathfield School (Limited by Guarantee)

Notes to the Financial Statements
for the year ended 31 August 2005

19. INDEMNITY INSURANCE

During the year the company purchased insurance for the directors of the school against liabilities arising from negligence in relation to the company as remitted under section 310 of the Companies Act 1985 with the approval of the Charity Commission. £4,964 was paid for public liability insurance (2004: £4,618). Included in this was professional indemnity insurance relating to the directors.

20. COMPANY LIMITED BY GUARANTEE

As the company is limited by guarantee, in the event of winding up the members will be required to pay £1.

21. EXCEPTIONAL ITEMS

During the year the School underwent a reorganisation of the way the day to day operations were structured. As a result of this, there were a number of one off costs incurred, such as professional fees and one off staff costs. As these costs are not directly related to the day to day running of the school and are such large amounts they have been treated as exceptional within the income and expenditure account.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	5,333,336	0	5,333,336
Current assets	1,965,627	500,000	2,465,627
Current liabilities	<u>(2,026,181)</u>	<u>(0)</u>	<u>(2,026,181)</u>
	5,272,782	500,000	5,772,782
Creditors due greater than 1 year	<u>(311,427)</u>	<u>0</u>	<u>(311,427)</u>
	<u>4,961,355</u>	<u>500,000</u>	<u>5,461,355</u>