

EWELL CASTLE SCHOOL LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2005**

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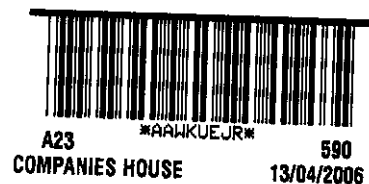
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*These pages do not form part of the statutory accounts of the Company.

Company Registration Number: 788782

Registered Charity Number: 312079

Registered Office: Church Street
Ewell
Surrey
KT17 2AW



**EWELL CASTLE SCHOOL LIMITED
A COMPANY LIMITED BY GUARANTEE**

KEY PERSONNEL AND PROFESSIONAL ADVISERS

Principal:	A.J. Tibble, BSc, NPQH
Head of Senior School:	M. Holder-Williams, MA
Head of Junior School:	Mrs. H.M. Crossley, MA
Company Secretary:	G.D. Holland, BSc, ACA
Auditors:	Helmores Grosvenor Gardens House 35/37 Grosvenor Gardens London SW1W 0BY
Bankers:	Barclays Bank PLC 64, High Street Ewell Surrey KT17 1RN
Solicitors:	A.J. Lutley Springfield Rookery Hill Ashted Park Ashted Surrey KT21 1HY

EWELL CASTLE SCHOOL LIMITED

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 AUGUST 2005

The Governors present their annual report and the audited financial statements of the company for the year ended 31 August 2005.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities 2000.

Activity

The principal activity of the company during the year was that of an independent school for boys and girls. There have been no changes in the company's objects or policies during the year.

Constitution

Ewell Castle School was established in 1926 and was incorporated on 22 January 1964 as a company limited by guarantee. It is governed by its Memorandum and Articles of Association. The company is a registered charity.

The company is organised with a Board of Governors, who are the trustees and members of the charity, to oversee planning, with a member of the Board being nominated as Chairman. A trustee may be appointed by invitation to become a member of the company and removed by a written request from all of the other Governors. The Principal and a small management team are responsible for the day-to-day running of the company.

The trustees are members of the charity but this entitles them only to voting rights. Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of a winding up. The total number of such guarantees at 31 August 2005 was 8 (2004 – 8).

Financial Review

The results of the company's activities are set out on page 6. Fee income increased by 10.8% to £3.63m reflecting higher fee levels and an increase in Senior school pupils. Staff costs rose by 10.3% whilst average staff numbers rose by 4.4%. Net incoming resources for the year increased from £330,000 to £388,000. The cash flow statement on page 8 shows an increase in cash balances of £510,000 and a reduction of loans of £38,000 over the year.

Review of Activities, Development and Achievements

The number of pupils in September 2004 remained stable disguising however slight variation in numbers at the Senior and Junior Schools. The Senior School numbers increased again by some 3% whereas Junior School numbers fell by approximately the same number of pupils. Significantly, increased marketing and other factors led to a projected 7% increase for the following year across both schools.

Record levels were again achieved in public examinations in 2005. This year a 98% pass rate was achieved at A level, 100% at GCSE included 85% at grades A*-C with nearly eight awards at this level per candidate. Records were also achieved at KS2 (11 years) in Mathematics and English, and at KS3 (14 years) in Mathematics. The school was again well placed in 'value added' measures being placed in the top 25% of all schools nationally for value added from KS2 to KS4 (16 years – GCSE). This latter statistic is more valuable measure of achievement than the raw percentage figures and corresponding tables that reflect entry criteria as well as progress. Students were very successful in achieving the desired university placements in a variety of fields. The link with Greenacre Girls' School continues to flourish and benefits have been reaped inside and outside the curriculum. A significant number of tours and trips took place to America, Europe and the UK.

EWELL CASTLE SCHOOL LIMITED

REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 AUGUST 2005 (continued)

Future Developments

Planning discussions continue in relation to the proposed outdoor play area at Glyn House. At Chessington Lodge, staff and extra classes have enjoyed and benefited from the refurbishment undertaken. Work is nearly complete with regard to the outdoor garden project at the Lodge.

It is anticipated that negotiations with the Landlord regarding new and longer leases will reach a successful conclusion early next year. Dependent upon the outcome of the negotiations are the major building projects being considered at The Castle. The areas that remain under review at The Castle are in the Quad and behind the Sports Hall. Increased use of the basin is also anticipated.

A significant development in Design & Technology is the establishment of a Sixth Form Design Studio. A popular and successful subject at Sixth Form level, now the Design students enjoy a purpose built and state of the art facility – including high level software for design. Refurbishment of the enlarged Art Department is also complete.

The first cohort of Theatre Studies students successfully completed their A level course this year. Drama is now established at GCSE and at A level. Joint drama and musical productions with Greenacre School are also scheduled for next year. The new applied GCSE course in Business Studies has proved successful.

Public Benefit

Ewell Castle is pleased to record continued public benefit offered in many respects beyond means tested bursaries. Some of these activities can be summarised as follows.

The school has an established partnership with Kingston University, NESCOL and SWELTEC with offer our services as a 'training' school for Initial Teacher Training (ITT). We have registered our first Graduate Teacher Programme (GTP) teacher for next year.

Significant charitable works are undertaken by staff and pupils including support at the charity shop, reading support schemes at the Junior School, developing links with a Special Needs School, and fund raising activities for local, national and international charitable organisations.

School facilities – including Sports Hall, Halls, grounds and classrooms, are made available for local organisations eg. Local Archery Club, Fitznells Music School, Stewart Cricket School & English Language School and a local school for their Sports Day. We also play host to an Age Concern Garden Party, Ewell Village Fete and various Heritage events and archaeological visits/works. Indeed the very upkeep of three listed buildings and sites within the village is itself of significant value to the community. The School continues to develop its website so as to increase the amount of intellectual property available, principally by subject area. The School is also an Open Award Centre for the Duke of Edinburgh Scheme and therefore cater for children from other schools wishing to partake in this activity.

Investment Policy

There are no restrictions on the company's absolute powers of investment. The Board's policy continues to be to put any retained funds in higher-yielding deposit accounts.

Reserves Policy

The charity requires free reserves (that is those funds not tied up in fixed assets and restricted funds) in order to provide:

- an adequate level of working capital;
- a financial buffer to cover risks to which the charity is exposed;
- funds to enable the school to continue to invest to enhance the educational facilities it provides.

Free reserves at 31 August 2005 amounted to £762,000. The Board has determined that the appropriate level of free reserves should fall within the range £400,000 to £600,000. The charity intends to utilise excess reserves towards future capital developments as outlined above. The Board will continue to review the reserves policy on an annual basis.

EWELL CASTLE SCHOOL LIMITED

**REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2005
(continued)**

Risk Management

The Board has a policy of continually reviewing major risks to which the company is exposed and the adequacy of systems in place to mitigate those risks.

Governors

The Governors who served during the year were as follows:

D C M Hill, Esq. (Chairman)	P A Laughton, B.A.
A J Askew, Esq.	C E Moyle, Esq.
T R Drake, Esq. (Resigned 30 June 2005)	G Tobin, F.R.I.C.S.
Dr. H H B Perkins	P M Holland, Esq.
I L Ayres, Esq. (Appointed 29 June 2005)	

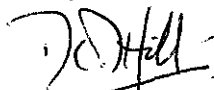
Auditors

The auditors, Helmores, have indicated their willingness to continue in office, and a resolution will be proposed at the Annual General Meeting for their re-appointment.

Statement of Governors Responsibilities

The Governors are required by law to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of its financial activities for that period. In preparing those financial statements, they are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, and prepare the financial statements on a going concern basis where appropriate. The Governors are also responsible for maintaining adequate accounting records, safeguarding the assets of the company, and for the prevention of fraud and other irregularities.

Approved by the Board of Governors on 25.01.2006 and signed on its behalf by



By Order of the Board
D.C.M. Hill - Chairman

**EWELL CASTLE SCHOOL LIMITED
A COMPANY LIMITED BY GUARANTEE**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EWELL CASTLE SCHOOL LIMITED

We have audited the financial statements of Ewell Castle School Limited for the year ended 31 August 2005, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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 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 Governors and Auditors

The governors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Governors' Responsibilities on page 4. 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 Governors' Report 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 governors' remuneration and transactions with the company is not disclosed.

We read the report of the Governors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit 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 Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 company's affairs as at 31 August 2005 and of its net incoming resources and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Helmores
Chartered Accountants and Registered Auditors

Grosvenor Gardens House
35/37 Grosvenor Gardens
London SW1W 0BY

28.1.2006

EWELL CASTLE SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2005

	Notes	Unrestricted Funds	Restricted Funds	Total 2005	Total 2004
		£	£	£	£
INCOMING RESOURCES					
Activities in Furtherance of the Charity's Objects:					
Fees Receivable		3,629,777	-	3,629,777	3,275,169
School Lunches		105,681	-	105,681	111,349
Appeals and Donations		643	5,986	6,629	16,924
Other Activities to Generate Funds:					
Hire of Facilities and Accommodation Income		17,263	-	17,263	23,808
Registration Fees and Other Income		50,745	-	50,745	29,214
Investment Income:					
Bank Interest		53,184	-	53,184	29,122
Total Incoming Resources		<u>3,857,293</u>	<u>5,986</u>	<u>3,863,279</u>	<u>3,485,586</u>
RESOURCES EXPENDED					
Charitable Expenditure in Furtherance of the Charity's Objects:					
Education	2	3,455,085	4,022	3,459,107	3,138,719
Management and Administration	3	16,513	-	16,513	16,440
Total Resources Expended		<u>3,471,598</u>	<u>4,022</u>	<u>3,475,620</u>	<u>3,155,159</u>
Net Incoming Resources before transfers		385,695	1,964	387,659	330,427
Transfers between Funds	10	10,771	(10,771)	-	-
Net Movement in Funds for the year		396,466	(8,807)	387,659	330,427
Fund balances at beginning of year		1,891,825	68,452	1,960,277	1,629,850
Fund balances at end of year		<u>2,288,291</u>	<u>59,645</u>	<u>2,347,936</u>	<u>1,960,277</u>

All amounts relate to continuing activities.

The company made no recognised gains or losses in this or the preceding financial year other than the net incoming resources for the year.

The net incoming resources for the year are not materially different from those that would appear in an Income and Expenditure Account; therefore a separate statement has not been prepared.

The notes on pages 9 to 13 form a part of these accounts.

EWELL CASTLE SCHOOL LIMITED

BALANCE SHEET
AT 31 AUGUST 2005

		2005		2004	
	Notes	£	£	£	£
Fixed Assets					
Tangible Assets	6		2,230,240		2,352,979
Current Assets					
Stocks		19,567		3,466	
Debtors	7	101,820		65,035	
Cash at Bank and in Hand		<u>1,197,216</u>		<u>687,066</u>	
		<u>1,318,603</u>		<u>755,567</u>	
Creditors: Amounts falling due within one year					
Bank Loan		39,373		37,811	
Fees Received in Advance		183,958		189,298	
Other Creditors		185,284		204,253	
Accruals and Deferred Income		<u>147,597</u>		<u>33,006</u>	
		<u>556,212</u>		<u>464,368</u>	
Net Current Assets			762,391		291,199
Total Assets less Current Liabilities			<u>2,992,631</u>		<u>2,644,178</u>
Creditors: Amounts falling due after one year	8		(644,695)		(683,901)
Total Net Assets			<u>2,347,936</u>		<u>1,960,277</u>
Represented by:					
Restricted Funds	10		59,645		68,452
Unrestricted Funds			<u>2,288,291</u>		<u>1,891,825</u>
Total Funds			<u>2,347,936</u>		<u>1,960,277</u>

Approved by the Board on 25-01-2006 and signed on its behalf by
D.C.M. Hill - Chairman



The notes on pages 9 to 13 form a part of these accounts.

EWELL CASTLE SCHOOL LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2005

		2005		2004	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		564,983		547,270
Returns on Investments and Servicing of Finance					
Interest Received		53,184		29,122	
Interest Paid		<u>(45,772)</u>		<u>(46,511)</u>	
			7,412		(17,389)
Capital Expenditure					
Payments to acquire tangible fixed assets			<u>(24,601)</u>		<u>(46,145)</u>
			547,794		483,736
Financing					
Bank Loan			(37,644)		(35,337)
Increase (Decrease) in Cash	2		<u>510,150</u>		<u>448,399</u>

1. Reconciliation of net incoming resources to
net cash inflow from operating activities

	2005	2004
	£	£
Net incoming resources	387,659	330,427
Interest Receivable	(53,184)	(29,122)
Interest Payable	45,772	46,511
Depreciation charges	147,340	148,669
Movement in stocks	(16,101)	(47)
Movement in debtors	(36,785)	6,818
Movement in creditors	90,282	44,014
Net cash inflow from operating activities	<u>564,983</u>	<u>547,270</u>

2. Analysis of changes in net funds

	At Beginning of Year	Cash Flows	At End of Year
	£	£	£
Cash at Bank	687,066	510,150	1,197,216
Bank Loan:			
Due within 1 year	(37,811)	(1,562)	(39,373)
Due after 1 year	(683,901)	39,206	(644,695)
TOTAL	<u>(34,646)</u>	<u>547,795</u>	<u>513,149</u>

EWELL CASTLE SCHOOL LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2005**

1. Accounting Policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities 2000', the Companies Act 1985 and applicable accounting standards.

b) 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 discounts and bursaries.

c) Donations and voluntary income

Donations and voluntary income received for the general purposes of the charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are included in restricted funds.

d) Expenditure is allocated as follows:

- Teaching

All expenditure directly relating to the provision of educational services, including teaching staff costs, educational materials, depreciation and related equipment.

- Premises

All expenditure incurred in the running costs and maintenance of the school buildings and grounds and depreciation of freehold buildings and leasehold improvements.

- Other costs

Costs incurred directly on the objects of the school including functions such as Human Resources, Information Technology, Quality Control, School Cafeteria and Health and Safety.

- Management and administration costs

This comprises the costs of managing and administering the charity and includes related legal and professional fees, audit fees, costs of Governors' meetings and an apportionment of relevant staff costs.

EWELL CASTLE SCHOOL LIMITED
**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2005
(Continued)**
e) School buildings and equipment

Part of the school buildings and grounds are subject to leases, which expire in December 2020. Improvements to leasehold property include the costs incurred in building the sports hall and the science laboratory. Building improvements and extensions costing more than £5,000, together with furniture and equipment costing more than £1,500 are capitalised and depreciated.

Depreciation is provided on a straight line basis so as to write off the cost of the tangible fixed assets over their estimated useful lives as follows:

Freehold Buildings	- 2% per annum
Improvements to Leasehold Property	- over the lease term
Furniture and Equipment	- 15% per annum
Computer Equipment	- 25% per annum
Motor Vehicles	- 25% per annum

f) Stocks

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

g) Funds

Unrestricted funds are available for use for the general purposes of the charity. Restricted funds are subject to donor-imposed restrictions and are shown separately in the Statement of Financial Activities.

h) Pension schemes

The company contributes to the Teachers Pension Agency Pension Scheme in respect of staff who are eligible and have not opted out of the scheme. Employers' contributions, which are set by the Scheme Trustees, are currently 13.5% of pensionable earnings.

The company also runs a Stakeholder Pension Scheme for staff who are not eligible to join the Teachers Pension Agency Scheme. The company currently contributes 5% of pensionable earnings for those employees participating in the scheme.

Pension costs are charged to the Statement of Financial Activities as incurred.

i) Operating leases

The rentals payable under operating leases for equipment are charged to the Statement of Financial Activities on a straight-line basis over the lease term. Rent payable in respect of operating leases for school premises is based on a percentage of school fees receivable in the year.

EWELL CASTLE SCHOOL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2005
(Continued)

2. Education

	Staff Costs	Other Costs	Depreciation	Total 2005	Total 2004
	£	£	£	£	£
Teaching	1,942,377	102,876	49,087	2,094,340	1,925,494
Premises	89,735	694,744	97,251	881,730	767,885
Other costs	246,210	235,825	1,002	483,037	445,340
	<u>2,278,322</u>	<u>1,033,445</u>	<u>147,340</u>	<u>3,459,107</u>	<u>3,138,719</u>

Other costs include: interest on bank loan of £45,772 (2004 - £46,517) and the hire of equipment of £42,578 (2004 - £44,300).

3. Management and Administration

	2005 £	2004 £
Auditors Remuneration		
- as auditors	7,990	6,825
- other services	3,525	4,897
Staff costs	4,998	4,718
	<u>16,513</u>	<u>16,440</u>

4. Staff Costs

	2005 £	2004 £
Wages and Salaries	1,933,846	1,753,312
Social Security Costs	156,818	141,453
Pension Costs	192,656	174,402
	<u>2,283,320</u>	<u>2,069,167</u>

5. Staff Particulars

The average number of employees (full time equivalent) during the year was as follows:

	2005	2004
Administrative Staff	9	9
Teaching Staff	53	50
Domestic Staff	9	9
	<u>71</u>	<u>68</u>

Employees receiving emoluments in excess of £50,000 were as follows:

£60,001 - £70,000	nil	one
£70,001 - £80,001	one	nil

The above employees are members of the Teacher's Pension Agency pension scheme.

Pension costs for higher paid employees	£9,534	£9,098
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EWELL CASTLE SCHOOL LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2005
(Continued)

6. Tangible Fixed Assets

	Freehold Land and Buildings £	Leasehold Building Improvements £	Furniture and Equipment £	Motor Vehicles £	Total £
Cost					
Opening Balance	1,728,138	1,364,825	565,255	72,301	3,730,519
Additions	-	-	24,601	-	24,601
	<u>1,728,138</u>	<u>1,364,825</u>	<u>589,856</u>	<u>72,301</u>	<u>3,755,120</u>
Depreciation					
Opening Balance	68,967	800,204	443,004	65,365	1,377,540
Charge for the Year	34,559	62,692	46,623	3,466	147,340
	<u>103,526</u>	<u>862,896</u>	<u>489,627</u>	<u>68,831</u>	<u>1,524,880</u>
Net Book Value - 2005	<u>1,624,612</u>	<u>501,929</u>	<u>100,229</u>	<u>3,470</u>	<u>2,230,240</u>
Net Book Value - 2004	<u>1,659,171</u>	<u>564,621</u>	<u>122,251</u>	<u>6,936</u>	<u>2,352,979</u>

The lease on the property expires in December 2020.

7. Debtors

	2005 £	2004 £
Fees Receivable	53,327	15,246
Others	693	516
Prepayments and Accrued Income	47,800	49,273
	<u>101,820</u>	<u>65,035</u>

8. Creditors: Amounts Falling Due After One Year

	2005 £	2004 £
Bank Loan:		
Due Between Two and Five Years	182,073	170,979
Due After Five Years	462,622	512,922
	<u>644,695</u>	<u>683,901</u>

The bank loan is secured under a Mortgage Debenture incorporating a fixed charge over the freehold property of Glyn House. The loan represents capital only and is fully repayable over 12 years to 2017. Interest is payable at 6.45% per annum fixed until May 2008. The proportion of the loan to the value of the asset mortgaged is 41%.

EWELL CASTLE SCHOOL LIMITED
**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2005
(Continued)**
9. Operating Leases

	2005 £	2004 £
Rentals Charged in the Year:		
Land and Buildings	283,471	170,851
Computer Equipment	42,578	44,300

Payments under operating leases due in the next year are as follows:

	Land and Buildings £	Computer Equipment £
Leases expiring within one year	-	15,595
Leases expiring within two to five years	-	32,065
Leases expiring after more than five years	210,000	-
	<u>210,000</u>	<u>47,660</u>

10. Restricted Funds

The restricted funds principally comprise the Appeal Fund, which was set up to raise funds for major building projects. The income of the fund is donations and any tax recoverable thereon. The transfer to unrestricted funds represents a relevant proportion of the depreciation charge for the year in respect of buildings partly financed by Appeal income. The appeal fund value carried forward is represented by the net book value of leasehold improvements partly financed by Appeal income (2005 - £57,441; 2004 - £68,212).

Restricted donations of £5,986 were received in the year. Unspent restricted donations carried forward of £2,204 comprise a fund to provide prizes in future years and a fund for library improvements.

11. Connected Parties

G Tobin is a Governor and a Partner in Andrews & Robertson, Chartered Surveyors. Andrews & Robertson received professional fees from the company totalling £4,700 during the financial year (2004: £3,196). No emoluments, reimbursed expenses or indemnity insurances were paid to or received by any of the Governors in respect of qualifying services as a governor of the company during the year.

12. Capital Commitments

Contracted for but not provided in these accounts - nil (2004 - nil)
Authorised but not contracted for - nil (2004 - nil)

13. Taxation

The School is exempt from Corporation Tax on its charitable activities.