

2739356

DERBY GRAMMAR SCHOOL TRUST LIMITED

(LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

YEAR ENDED

31 JULY 2005



DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

Year ended 31 July 2005

CONTENTS

	Page
Company particulars	1
Report of the Council of Management	2 & 3
Report of the auditors	4 & 5
Income and expenditure account	6
Statement of financial activities	7
Balance sheet	8
Cashflow statement	9
Notes relating to the financial statements	10 - 22

DERBY GRAMMAR SCHOOL TRUST LIMITED

A Company Limited by Guarantee and not having
a Share Capital under the Companies Act 1985 and 1989

Registered Number 2739356

Registered as a Charity under the Charities Act 1993

Number 1015449

Patron	Sir Nigel Rudd
Chairman	D I Walker
Council of Management	E A Atkinson R Betts Appointed 21 st March 2005 C J Endors Appointed 21 st March 2005 The Revd S C Harvey Appointed 21 st March 2005 R A Kington M S Say
Governors	Council of Management M Bone W Ellis A Southgate P Sterling
Key Executives and Professional Advisers	
The Head	Mr R D Waller BSc
The Bursar	Miss J A Jameson MAAT
Secretaries	A M Passmore J A Jameson Appointed 14 th April 2005
Registered office	Rykneild Road Littleover Derby DE23 4BX
Bankers	Barclays Bank plc Sir Frank Whittle Road Derby DE1 9UU
Solicitors	Freethcartwright LLP Norman House Friargate Derby DE1 1NU
Auditors	HSKS Ltd 18 St Christopher's Way Pride Park Derby DE24 8JY

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management submits its thirteenth report and financial statements covering the year ended 31 July 2005.

Objectives

The principal object for which the company was set up is to establish an independent boys grammar school to serve the City of Derby, South Derbyshire and Burton-upon-Trent.

Further objectives include the maintenance of the school and the raising of funds to enable it to develop to 480 pupils aged from 7 to 18.

Trustee Training

Opportunities are provided for the training of trustees via the School's affiliation to the Woodard Corporation. No trustees took advantage of this during the year.

Business review

This report covers the tenth year of the school, during which the number of boys attending reached 301 of which 233 were senior boys.

The year has been one principally of consolidation, resulting in a pleasing financial surplus.

The development of the School has continued with the purchase during the year of sports fields. This has been a project underway for the last five years, fraught with planning and legal difficulties, but now successfully executed. A generous donation from Sir Nigel Rudd helped secure this purchase. Access work now has to be undertaken and the fields will be ready for rugby in the Autumn of 2006.

Plans have recently been approved for the construction of a sports hall on the School campus, and ways and means of financing this next development are being considered.

Reserves

Notes 13, 14 & 15 to the financial statements show the assets and liabilities of the various funds by type. They also describe the various trusts of the charity and summarise the movements for the year on each fund. Unrestricted funds remain in deficit due to the net accumulation of losses incurred from the start up of the School to date. It is the policy of the Council of Management to work towards achieving a surplus of unrestricted funds as soon as possible, and then to further develop that surplus to a level covering a minimum of two term's expenditure. It is intended that this will be achieved by stimulating local demand for the School, in order to attain higher sustainable numbers of boys attending, and by general purpose appeals from time to time.

The Council of Management has continued to keep the secured overdraft under review to ensure that, in the absence of free reserves, it remains adequate to cover the School's working capital commitments.

Connected Charity

Derby Grammar School Foundation (DGSF) (Charity Number 1078193) is a connected charity within the meaning of the Statement of Recommended Practice, by virtue of the majority of its Trustees being Council Members of this company. It was practicable to set the Charity up in this way initially, but it is the intention that separate trustees will shortly be appointed to replace those who are also involved with this company.

An amount of £272,000 remains as an interest free loan to the School with no fixed date for repayment.

The Council of Management is grateful to DGSF for its continuing support.

Structure of Management

The constitution of the Council of Management throughout the Year and to the date of this report is reflected in the company particulars on page 1. The Council of Management constitutes the Board of Directors of the company for Companies Act purposes.

A separate Board of Governors is responsible for the operation of the school.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

REPORT OF THE COUNCIL OF MANAGEMENT (CONTINUED)

Statement of the responsibilities of the Members of the Council

Company law requires the Members of the Council to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the Members of the Council 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 members of the Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk Management

The Council of Management has assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances, and is satisfied that systems are in place to mitigate the Charity's exposure to risk.

Fixed assets

Particulars of changes to the fixed assets are as shown in note 7 to the financial statements.

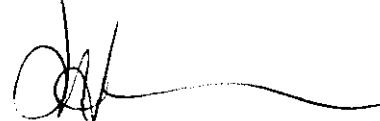
Interest in Land

The Council of Management is of the opinion that when the school reaches optimum capacity, which will take the school past a break even point, the value of land and buildings will not differ materially from the value shown in the accounts. This is further explained in note 7 of the financial statements.

Auditors

In accordance with section 385 of the Companies Act 1985 a resolution for the re-appointment of HSKS Limited as auditors of the company will be proposed at the annual general meeting.

Signed on behalf of the board of directors



J A Jameson
Secretary

Approved by the Council on
5th December 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)**

We have audited the financial statements of Derby Grammar School Trust Limited for the year ended 31 July 2005 on pages 6 to 22. 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 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 in the Statement of the responsibilities of the Members of the Council, the members (who are also the directors of Derby Grammar School Trust Limited for the purposes of company law) are responsible for the preparation of the Annual Report of the Council of Management and the financial statements in accordance with applicable law and United Kingdom Accounting 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 Annual Report of the Council of Management 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 remuneration of the Council of Management and transactions with the company is not disclosed.

We read other information contained in the Annual report of the Council of Management 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 judgements made by the Council of Management 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 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures in notes 1, 10, 12 and 20 of the financial statements concerning the new bank loan facilities, its terms and conditions. The profit forecasts show that a small loss, excluding income from donations, which cannot be ascertained with any certainty, will be incurred up to 2006.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE) (CONTINUED)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HSKS Ltd

Derby

6th January 2006

HSKS Limited

Chartered Accountants
Registered Auditors

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2005

	Notes	2005 £	2004 £
Income			
School fees		2,379,671	2,075,783
Less bursaries		<u>(156,598)</u>	<u>(146,581)</u>
		2,223,073	1,929,202
Donations and gifts		54,534	16,914
Other income		<u>154,432</u>	<u>115,054</u>
Total income		2,432,039	2,061,170
Expenditure			
Teaching staff		1,237,239	1,122,783
School services		350,945	342,556
Household		5,070	8,270
Catering		150,826	120,993
Heat and light		31,692	31,035
Estate		225,385	192,623
Administration		268,465	269,646
Fundraising and publicity		<u>4,277</u>	<u>3,863</u>
		2,273,899	2,091,769
Operating surplus	3	158,140	(30,599)
Interest payable	6	<u>116,141</u>	<u>92,308</u>
Surplus/(Deficiency) for the financial year		<u>41,999</u>	<u>(122,907)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two years.

Total recognised gains and losses

The company has no recognised gains or losses other than the surplus/(deficiency) for the above two years.

Note of historical cost profits and losses

There is no difference between the results as disclosed in the income and expenditure account and the result on an unmodified historical cost basis.

The notes on pages 10 to 22 form part of these financial statements.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 July 2005

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2005 £	Total 2004 £
Incoming resources					
School fees receivable	2,379,671			2,379,671	2,075,783
Less bursaries	(156,598)			(156,598)	(146,581)
Net fee income	2,223,073	-	-	2,223,073	1,929,202
Donations and gifts	54,534	-	-	54,534	16,914
Other income	154,181	-	251	154,432	115,054
Total income	2,431,788	-	251	2,432,039	2,061,170
Resources expended					
Costs of generating funds					
Fundraising costs	4,277	-	-	4,277	3,863
Financing costs	116,141	-	-	116,141	92,308
Charitable expenditure					
Teaching costs	1,588,084	-	100	1,588,184	1,465,339
Welfare costs	155,896	-	-	155,896	129,263
Premises costs	257,077	-	-	257,077	223,658
Support costs	251,501	-	-	251,501	254,781
Management and administration of charity	16,964	-	-	16,964	14,865
Total resources expended	2,389,940	-	100	2,390,040	2,184,077
Net incoming/(outgoing) resources before transfers	41,848	-	151	41,999	(122,907)
Transfer between funds	36,122	(36,922)	800	-	-
Net incoming/(outgoing) resources	77,970	(36,922)	951	41,999	(122,907)
Gains/(losses) on investment assets					
- realised	-	-	-	-	-
- unrealised	-	-	269	269	49
Net movement in funds	77,970	(36,922)	1,220	42,268	(122,858)
Fund balances brought forward at 1 August 2004	(170,781)	486,817	5,153	321,189	444,047
Fund balances carried forward at 31 July 2005	(92,811)	449,895	6,373	363,457	321,189

The notes on pages 10 to 22 form part of the financial statements.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

BALANCE SHEET

At 31 July 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	7	3,191,088	3,091,213
Investments	8	33,364	32,295
		<u>3,224,452</u>	<u>3,123,508</u>
Current assets			
Debtors	9	899,392	786,942
Cash at bank and in hand		1,898	644
		<u>901,290</u>	<u>787,586</u>
Current liabilities			
Creditors	10	705,402	593,528
Income in advance	11	861,715	790,117
		<u>1,567,117</u>	<u>1,383,645</u>
Net current assets/(liabilities)		<u>(665,827)</u>	<u>(596,059)</u>
Total assets less current liabilities		<u>2,558,625</u>	<u>2,527,449</u>
Creditors: amounts falling due after more than one year	12	<u>(2,195,168)</u>	<u>(2,206,260)</u>
		<u>363,457</u>	<u>321,189</u>
Capital fund			
Endowment income funds	13	6,373	5,153
Restricted funds	14	449,895	486,817
Unrestricted funds	15	(92,811)	(170,781)
		<u>363,457</u>	<u>321,189</u>

Approved by the Council of Management on 5th December 2005.

D I WALKER



E A ATKINSON



The notes on pages 10 to 22 form part of the financial statements.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

Year ended 31 July 2005

	Notes	2005 £	2004 £
Net cash inflow/(outflow) from operating activities	18	297,824	66,666
Returns on investments and servicing of finance			
Interest paid	6	(116,141)	(92,308)
Interest element of finance lease rentals		(4,513)	(11,894)
		<u>(120,654)</u>	<u>(104,202)</u>
Net cash inflow/(outflow) from returns on investment and servicing of finance		177,170	(37,536)
Investing activities			
Proceeds of sale of tangible fixed assets		-	157
Payments to acquire tangible fixed assets	7	(208,368)	(35,545)
Payments to acquire investments	8	(800)	(641)
		<u>(209,168)</u>	<u>(36,029)</u>
Net cash outflow before financing		<u>(31,998)</u>	<u>(73,565)</u>
Financing			
New loans		165,114	161,303
Loans repaid		(104,054)	(133,698)
Capital element of finance lease rental payments		(18,304)	(51,999)
		<u>42,756</u>	<u>(24,394)</u>
(Increase)/decrease in cash and cash equivalents	19	<u>(10,758)</u>	<u>97,959</u>
		<u>31,998</u>	<u>73,565</u>

NOTES RELATING TO THE FINANCIAL STATEMENTS

Year ended 31 July 2005

1 Accounting policies

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards, using the historical cost convention.

In addition, the accounts conform to SORP2 – Accounting for Charities (October 2000).

The company meets its day to day working capital requirements partly through an overdraft facility, which is repayable on demand.

The nature of the School's activity is such that there is considerable variation in the timing of cash flows. The Council of Management has prepared cash flow information for the period ending 7 months from the date of its approval of these financial statements. On the basis of this cash flow information and discussions with the School's bankers, the Council of Management considers that the School will continue to operate within the facility currently agreed and within that which they expect will be agreed in December 2005, when the School's bankers are due to consider renewing the facility for a further year. However, at two points in the year, the margin of facilities over requirements is not large, and inherently there can be no certainty in relation to these matters. Taking all this into account, the Council of Management considers it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the School's bankers.

Income

Income represents the amounts derived from school fees, voluntary contributions, and other activities including assets donated. The charity is not registered for value added tax purposes.

Donations and fund accounting

Donations received for the general benefit of the School are included as unrestricted funds. Donations for purposes restricted by the wishes of the donor, where those wishes are legally binding on the Council of Management, are accounted for as restricted funds. Donations required to be retained as capital in accordance with the donor's wishes are accounted for as endowments – permanent or expendable according to the nature of the restriction. Donations received as gifts in kind are accounted for at market value at the date of the gift.

Resources expended

Resources expended are accounted for on an accruals basis. The School is not registered for VAT purposes, and accordingly VAT is included as part of the expense to which it relates.

Grants and bursaries

Grants and bursaries, all of which are made from unrestricted funds, are treated as a deduction from fee amounts billed; for accounting purposes however they are treated as an expense, with fees grossed up by the amount involved.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, from the time the assets are brought into use at annual rates designed to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Freehold property	50 years
School equipment	2-10 years
Motor vehicles	4 years
Office equipment	3-10 years
Other equipment	20 years

Taxation

The charity is not subject to a charge to taxation in its results, but can reclaim income tax on certain voluntary income.

Voluntary income

This is recognised in the period in which it arises, together with any associated tax credit, except that where such income arises over a period of more than one year (for example covenanted income) account is taken only of that part relating to the year.

Netting off

There has been no material netting off of income against expenditure.

Leased assets

Payments made under operating leases are charged to the profit and loss account in the period to which they relate.

Assets financed by leasing arrangements which give rights approximating to ownership (finance leases) have been capitalised at amounts equal to the original cost of the assets to the lessors and depreciation has been provided on the basis of the company's depreciation policy. The capital element of future obligations under finance leases are included as liabilities on the balance sheet and the current year's interest element is charged to the income and expenditure account.

Investments

Investments are shown in the Balance Sheet at their market value at the Balance Sheet date. Surpluses and deficiencies arising on sale are reflected in the year of disposal.

Pensions

The school participates in a multi employer pension scheme, the Governments' Teachers Pension Defined Benefits Scheme, for its teaching staff. The pension liability is the responsibility of the Teachers Pension scheme. As a result it is not possible to identify the assets and liabilities of the scheme that are attributable to the school. Accordingly, under FRS17 the scheme is accounted for as if it were a defined contributions scheme.

2 Company status

The company is limited by guarantee of every member to contribute such amount as may be required up to a maximum of one pound sterling.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

3 Surplus/(deficiency) for the financial year

The surplus for the financial year is stated after charging/(crediting) the following:

	2005	2004
	£	£
Staff costs (note 4b)	1,520,719	1,386,149
Auditors' remuneration	4,564	5,112
Officers' indemnity insurance	1,992	1,810
Operating lease charges:		
Hire of equipment	11,654	23,158
Finance charges on finance leases	4,513	11,894
Depreciation - tangible owned fixed assets	40,013	41,805
- tangible fixed asset held under finance lease	30,673	45,744
- buildings	46,727	22,234
Loss/(profit) on sale of tangible owned fixed assets	272	(157)
	<hr/>	<hr/>

4a Emoluments of the Council of Management

	2005	2004
	£	£
No emoluments or expenses are paid to the Council of Management.	-	-

4b Staff costs

The aggregate payroll costs were as follows:

Salaries and wages	1,271,735	1,160,442
Social security costs	100,506	88,458
Other pension costs	144,452	132,923
BUPA	4,026	4,326
	<hr/>	<hr/>
	1,520,719	1,386,149
	<hr/>	<hr/>

There was 1 employee whose emoluments amounted to over £50,000 in the year.

The average number of employees during the year was as follows:

School	43	42
Catering	7	7
Administration	7	6
Property	10	10
	<hr/>	<hr/>
	67	65
	<hr/>	<hr/>

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

5 Analysis of total resources expended

	Staff costs £	Other £	Depreciation £	Total £
Charitable activities				
School operating costs:				
Teaching costs	1,319,968	230,726	37,490	1,588,184
Welfare costs	27,890	124,104	3,902	155,896
Premises	56,384	137,558	63,135	257,077
Support costs of schooling	116,477	122,138	12,886	251,501
	<u>1,520,719</u>	<u>614,526</u>	<u>117,413</u>	<u>2,252,658</u>
Governance costs	-	16,964	-	16,964
	<u>1,520,719</u>	<u>631,490</u>	<u>117,413</u>	<u>2,269,622</u>
Costs of generating funds				
Fundraising costs	-	4,277	-	4,277
Bank and loan interest	-	116,141	-	116,141
	<u>1,520,719</u>	<u>751,908</u>	<u>117,413</u>	<u>2,390,040</u>

6 Interest payable

	2005 £	2004 £
Bank overdraft	11,649	9,661
Bank loans	55,166	44,775
Other loan	49,326	37,872
	<u>116,141</u>	<u>92,308</u>

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

7 Tangible fixed assets

	Freehold property £	School equipment £	Total £
Cost			
At 1 August 2004	2,983,812	800,762	3,784,574
Additions	182,769	34,791	217,560
Disposals	-	(2,925)	(2,925)
	<hr/>	<hr/>	<hr/>
At 31 July 2005	3,166,581	832,628	3,999,209
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 August 2004	97,566	595,795	693,361
Provided for the period	46,727	70,686	117,413
Disposals	-	(2,653)	(2,653)
	<hr/>	<hr/>	<hr/>
At 31 July 2005	144,293	663,828	808,121
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 July 2005	3,022,288	168,800	3,191,088
	<hr/>	<hr/>	<hr/>
At 31 July 2004	2,886,246	204,967	3,091,213
	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £22,199 (2004: £135,637) in respect of assets held under finance leases.

A professional valuation of the school's premises at September 2001 was carried by FPD Savills, in the sum of £1,700,000 which includes the value attributable to the recently completed Arts Hall. The value excluding the Arts Hall of £1,400,000 compares with a book value of the assets of £2,008,850. The valuer has taken into account when coming to his opinion the fact that at that time the school is not yet full and, at that stage, some time had to elapse before a break even point was reached.

Whilst noting the valuer's comments, the Council has not adjusted the value of the relevant fixed assets to the amount indicated, because it remains the firm intention of the Council to continue to develop the school beyond the reached break even point, at which stage the weight attached to the valuation in respect of this point will become less.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

8 Investments

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total £
Market value at 1 August 2004	27,610	-	4,685	32,295
Additions	-	-	800	800
	<u>27,610</u>	<u>-</u>	<u>5,485</u>	<u>33,095</u>
Sales proceeds	-	-	-	-
Net investment gain/(loss)	-	-	269	269
	<u>-</u>	<u>-</u>	<u>269</u>	<u>269</u>
At 31 July 2005	<u>27,610</u>	<u>-</u>	<u>5,754</u>	<u>33,364</u>
Represented by:				
Listed investments				
Gilts			5,754	5,754
Donated assets	27,610	-	-	27,610
	<u>27,610</u>	<u>-</u>	<u>5,754</u>	<u>33,364</u>
Historical cost of investment				
At 31 July 2005	-	-	5,754	5,754
At 31 July 2004	-	-	4,685	4,685
Analysis of net investment gains				
Unrealised gains/(losses) at 31 July 2005	-	-	318	318
Unrealised gains at 31 July 2004	-	-	(49)	(49)
Change in unrealised gains	-	-	269	269
Realised gains on disposal	-	-	-	-
Net investment gain/(loss)	-	-	269	269

The unrestricted fund investments comprise historic assets donated to the School. There exist other historic assets comprised within the fabric of the School, which are not accounted for here or elsewhere in the financial statements.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

9 Debtors

	2005	2004
	£	£
Trade debtors	847,276	756,563
Income tax repayment	73	795
Other debtors and prepayments	52,043	29,584
	<u>899,392</u>	<u>786,942</u>

10 Creditors: amounts falling due within one year

Trade creditors	53,021	22,267
Bank overdraft (secured)	424,856	434,360
Taxation and social security	31,083	27,412
Pension costs	17,368	16,426
Loans	105,848	34,562
Accruals	64,710	40,196
Lease costs	8,516	18,305
	<u>705,402</u>	<u>593,528</u>

There is in place an overdraft facility of £375,000 rising to a maximum of £525,000 at the end of each term. These facilities are due to be reviewed in December 2005.

These facilities are due to be reviewed in October 2006.

This facility carries interest at a variable rate set at 1.5% above the base rate of Barclays Bank plc.

Security for all bank borrowings is shown in Note 12.

In addition, a facility of £100,000 is available to draw down when needed from one of the School's benefactors.

11 Income in advance

	2005	2004
	£	£
This is comprised as follows:		
Income to be released within one year		
Deposits from parents refundable when children leave school	11,700	7,400
Fees received in advance	850,015	782,717
	<u>861,715</u>	<u>790,117</u>

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

12 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Leases	-	8,516
Loans from benefactors	1,251,242	1,301,342
Bank loan	855,976	816,102
Deposits from parents, refundable when children leave school	87,950	80,300
	<u>2,195,168</u>	<u>2,206,260</u>

The following bank loan facilities are currently in place and to be reviewed in December 2005.

A bank loan of a maximum of £870,000 covering fixed asset purchases.

The loan is repayable over a period of 17 years with a capital repayment "holiday" until January 2006. The bank have the right to ask for immediate repayment of the whole of the loan outstanding if any of the terms and conditions of the loan are breached.

The loan carries interest at a variable rate set at 1.5% above the base rate of Barclays Bank plc.

Barclays Bank holds the following security for its loan and overdraft facilities:

- A first legal charge over the School's buildings, excluding land purchased this year
- A debenture over the school's other assets, excluding land purchased this year
- A keyman insurance policy
- Guarantees given by two benefactors and a member of the Council of Management

Loans from benefactors have no fixed date for repayment, but repayments over and above those referred to in Note 10 may be made within the next five years.

Loans from benefactors totalling £206,000 are secured by way of a second fixed charge over part of the company's freehold land and buildings. Loans from benefactors carry interest at a variable rate set at 1% above the base rate of Barclays Bank plc, with the exception of loans totalling £223,742 which remain interest free.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

13 Endowment income funds

	Balance at 31 July 2004 £	New investments £	Incoming resources £	Net Movement in funds Gains/(losses) and transfers £	Balance at 31 July 2005 £
Permanent endowment					
The Caroline Booth Memorial Prize Fund	1,466		67	30	1,563
The Dr W R C Chapman Prize Fund	600		28	19	647
The Duke of Devonshire Prize Fund	1,119		48	46	1,213
Dermot Murray Prize Fund	1,394		61	64	1,519
MacMillan Prize Fund	574		28	45	647
Thomas Dakin Prize		800	19	(35)	784
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,153	800	251	169	6,373
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Caroline Booth Memorial Prize Fund was established in 1997 by J H Booth in memory of his mother to fund music prizes for students of the school.

The Dr W R C Chapman Prize Fund was established in 1999 by Sir Nigel Rudd in memory of a past head master of Bemrose School, Derby to fund a mathematics prize for students of the school.

The Duke of Devonshire Prize Fund was established in 2000 by His Grace the Duke of Devonshire to fund a prize for natural sciences for students of the school.

The Dermot Murray Prize Fund was established to promote interest in science and to encourage the formal presentation of short papers on matters of scientific interest.

The MacMillan Prize Fund was established in 2004 by Mr John Blackton in memory of Mr H B MacMillan to fund a Senior Mathematics prize.

The Thomas Dakin Prize Fund was established in 2004 by Mr S Critchell Ward to fund the Esprit de Corps prize.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

	Balance at 31 July 2004 £	Movement in funds Incoming resources £	Gains/(losses) and transfers £	Balance at 31 July 2005 £
Williams PLC fund	202,753	-	(7,704)	195,049
Dorothy Bagshaw Memorial Fund	263,132	-	(28,261)	234,871
Appeal fund	20,932	-	(957)	19,975
	<u>486,817</u>	<u>-</u>	<u>(36,922)</u>	<u>449,895</u>

The Williams PLC fund was set up for the specific purpose of converting the previous Coach House to a suite of laboratories now known as the Williams Science & Technology building. It is being released to unrestricted funds over the term of the depreciation of the building.

The Dorothy Bagshaw Memorial Fund represents the value of investments and cash bequeathed to the school. Its principal use is to contribute retrospectively towards the cost of the first purpose built teaching block which was completed and first used in 1998.

The appeal fund represents monies received to date in respect of school building developments, and which have been utilised against the cost of the Arts Hall.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Fund balances at 31 July 2005 are represented by				
Tangible fixed assets	2,741,193	449,895	-	3,191,088
Investments	27610	-	5,754	33,364
Current assets	900,671	-	619	901,290
Current liabilities	(1,567,117)	-	-	(1,567,117)
Creditors: amounts falling due after one year	<u>(2,195,168)</u>	<u>-</u>	<u>-</u>	<u>(2,195,168)</u>
Total net assets/(liabilities)	<u>(92,811)</u>	<u>449,895</u>	<u>6,373</u>	<u>363,457</u>

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 July 2005

16a Leasing commitments

Annual commitments under operating leases at
31 July 2005 were as follows:

	2005 £	2004 £
Expiring after one year, but within five years	-	3,040
	<u> </u>	<u> </u>

16b Obligations under finance leases are repayable as follows:

In one year or less	8,516	18,305
Between one and two years	-	8,516
Between two and five years	-	-
	<u> </u>	<u> </u>

17 Capital commitments

Contracted for but not provided for in the financial statements	38,000	-
	<u> </u>	<u> </u>
Expenditure authorised by the Council of Management but not contracted for	-	140,000
	<u> </u>	<u> </u>

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS

Year ended 31 July 2005

**18 Reconciliation of operating profit to net cash inflow
From operating activities**

Operating (deficiency)/surplus	158,140	(30,599)
Donated assets	(9,193)	(10,280)
Interest element of finance lease rentals	4,513	11,894
Depreciation	117,413	109,783
Loss on sale of fixed assets	272	(157)
Decrease/(increase) in debtors	(112,450)	(98,400)
Increase/(decrease) in creditors	139,129	84,425
	<u>297,824</u>	<u>66,666</u>

**19 Analysis of changes in cash and cash
equivalent during the year**

	2005 £	2004 £	Change in year £
Cash at bank and in hand	1,898	644	1,254
Bank overdraft	(424,856)	(434,360)	9,504
	<u>(422,958)</u>	<u>(433,716)</u>	<u>10,758</u>

20 Going concern

The Council of Management remain indebted to the school's principal benefactor who has agreed to continue to support the school not only by monies already subscribed, but by the giving of guarantees where required, during the school's continuing formative years. Support of this nature and that also provided by the school's bankers will remain essential for some time, even though the break even point has been achieved.

Receipts from fund-raising efforts are ignored for the purpose of this note since such receipts are not ascertainable in advance.

The Council of Management considers that in preparing the financial statements, it has taken into account all information that could reasonably be expected to be available. On this basis they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes that the predicted number of pupils as recorded in the budget is achieved. The financial statements do not include any adjustments that would result if the pupil numbers and fee increases are not achieved.

The financial statements have been prepared on the basis of continuing financial support being available from the school's benefactors and bankers.

DERBY GRAMMAR SCHOOL TRUST LIMITED (LIMITED BY GUARANTEE)

NOTES RELATING TO THE FINANCIAL STATEMENTS

Year ended 31 July 2005

21 Pensions

The school participates in a multi employer defined benefits pension scheme, the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. As a result, it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School.

In accordance with the Teachers' Pension (Amendment) Regulations, based on the latest actuarial valuation of the scheme issued in March 2003, the scheme has been attributed with notional assets equal to the actuarial value of the scheme liabilities as at 31 March 2001.

Following this valuation the standard contribution rate was raised from 14.35% to 19.5% from 1st April 2003, 6% to be paid by the teachers and the remaining 13.5% borne by the School.

The pension charge includes contributions payable to the scheme for the year ended 31 July 2005 of £135,222 (2004: £124,261).

The school also administers a stakeholder scheme for its non-teaching staff. The cost for the year represents the school's contributions to the scheme of £1,366 (2004: £1,204).