

Company
Name

Grant Thornton 

**THE CHURCH SCHOOLS
COMPANY (LIMITED BY
GUARANTEE)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2003



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Company no 2780748

Registered charity no 1016538

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 August 2003

Company registration number: 2780748

Registered office: Church Schools House
Titchmarsh
Kettering
Northants
NN14 3DA

Directors: The Rt Rev and Rt Hon the Lord Carey of Clifton (Chairman)
J H W Beardwell TD MA FSI (Deputy Chairman)
Air Chief Marshal Sir Michael Graydon GCB CBE ADS FRACS (Deputy Chairman)
D C Barnes FCA
D S Brandon QC
W R Broadhead
D P G Cade MA FCA
Prof M J Clark BA PhD
J C Elias BA
The Lady Goodhart MA
Mrs M Hicks
I Innes ADIPP ARPS
The Very Reverend Alec Knight BA
Mrs J Loudon
T D Overton
Rt Hon Dame Angela Rumbold DBE
P B Smith MA
Reverend Canon S Taylor
Rt Rev D E W M Walker OGS MA AKC

Chief Executive: Sir E W Harper CBE

Secretary: J A Nicholson ACA

Bankers: National Westminster Bank PLC
Kettering and Northampton

Solicitors: Nabarro Nathanson
London and Reading

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 August 2003

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THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

CHAIRMAN'S REPORT

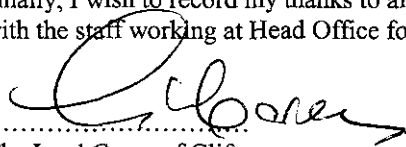
The charitable company has completed another very successful year in 2002/03 and I would like to congratulate all the people that contributed during the year.

The financial reports show a continuing healthy position after payment of a grant of £5,000,000 to The Church Schools Foundation Limited, building upon previous years' results.

The results at both GCSE and A level were very good all round, and exceptional in some cases. Demand for places at our schools continues to be high.

Work within the subsidiary charity registered to develop a number of City Academies saw the signing of two further agreements to proceed with Academies in Manchester and Northampton. The first Academy to open its doors under The United Learning Trust banner was the Manchester Academy in September 2003.

Finally, I wish to record my thanks to all the members of The Council of The Church Schools Company together with the staff working at Head Office for their unstinting support and service throughout the year.



.....
The Lord Carey of Clifton
Chairman

10 December 2003

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

ELEVENTH REPORT OF THE COUNCIL

The Council presents its report together with financial statements for the year ended 31 August 2003.

Constitution and objects

The Church Schools Company (Limited by Guarantee) is registered with the Charity Commissioners (No. 1016538) and is constituted as a company limited by guarantee, governed by Memorandum and Articles of Association.

The charitable company is established for charitable purposes and in accordance with its Memorandum of Association its principal activity is to provide a liberal, practical and general education for children which includes religious instruction in the doctrine and duties of Christianity.

Operating and financial review

The total deficit for the year amounted to £1,915,206 (2002: £34,581). This deficit is after a grant paid to The Church Schools Foundation Limited for £5,000,000 (2002: £3,000,000). The charitable company is not liable to pay corporation tax and the deficit has therefore been transferred from reserves.

The charitable company operates seven schools as shown below. In the year pupil numbers at these schools increased by 4% from 4,532 in 2002 to 4,703 in 2003.

The schools operated by the charitable company are as follows:

The Atherley School, Southampton
Ashford School, Ashford, Kent
Guildford High School, Guildford
Hull High School, Hull
Lincoln Minster School, Lincoln
Sunderland High School, Sunderland
Surbiton High School, Surbiton

The charitable company is a sponsor of the United Learning Trust which is a subsidiary undertaking of the charitable company. The United Learning Trust's aim is to found and manage a group of City Academies under the government initiative. The first three proposed Academies are in Lambeth, Manchester and Northampton, the first of these (Manchester) having opened in September 2003. The charitable company is required to raise up to 10% of the capital building cost for each Academy operated by the United Learning Trust over an agreed period. This is being raised through external fundraising activities and has no impact on the finances of The Church Schools Company.

Restricted fund income for the year includes donations and investment income of £224,529 in respect of the sponsorship fund for the United Learning Trust. Payments of £132,481 have been made from this fund to the United Learning Trust during the year leaving a balance of £229,869 at 31 August 2003.

The value of restricted funds to be utilised in future years is £278,054 for prize and scholarship funds.

Unrestricted funds amount to £4,790,973.

The assets are held in pursuance of the charitable company's objectives.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

ELEVENTH REPORT OF THE COUNCIL

Funding

The members are satisfied that the charitable company's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Connected charities

There is a relationship between The Church Schools Company (Limited by Guarantee) and other charities as set out in note 25.

Members of the Council

The present membership of the Council is set out below. All members served throughout the year apart from those whose date of appointment is noted.

Member	Date of appointment	Sub-committees on which the members serve		
		Finance	Salaries	Standing
Rt Rev and Rt Hon the Lord Carey of Clifton (Chairman)	9 October 2002			
J H W Beardwell (Deputy Chairman)		*	*	*
Air Chief Marshal Sir Michael Graydon (Deputy Chairman)		*		
D C Barnes		*	*	*
D S Brandon				
W R Broadhead		*		
D P G Cade		*		
Prof M J Clark				
J C Elias				
The Lady Goodhart				
Mrs M Hicks				
I Innes				
Very Rev A Knight	11 December 2002			
Mrs J Loudon				
T D Overton				
Rt Hon Dame Angela Rumbold				
P B Smith				
Rev Canon S Taylor	8 October 2003			
Rt Rev D E W M Walker				

The following members have retired from the Council.

Member	Date of resignation
J Ward	16 September 2003

Each member of the Council holds one share in The Church Schools Foundation Limited.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

ELEVENTH REPORT OF THE COUNCIL

Appointment of members

The Council has the power to appoint any person as an additional member or to fill a casual vacancy. A member holds office for three years, after which they must resign. They may remain in office for a further three years with the consent of the Council. Following this, they shall be eligible for re-election annually upon the proposal of the Chairman.

Members' (collectively known as the Council) responsibilities for the financial statements

United Kingdom company law requires the members to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charitable company and of its financial position at the end of the year. In preparing those financial statements, the members should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain their financial position and to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and regulations thereunder. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reserves

It is the policy of the charitable company to hold reserves in its unrestricted funds which have not yet been committed or designated for any particular purpose. The members have set aside these reserves in order to protect the future operations of the charitable company from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. The members have set the level of these reserves after undertaking a thorough assessment of the charitable company's needs and have concluded that a level of six weeks expenditure is prudent. At 31 August 2003 the amount of these reserves in the unrestricted funds amounted to £3,348,139. Reviews of the level of reserves are taken annually in line with predicted cash flows and the economic climate.

Investment policy

The charitable company's cash reserves are used to set off against borrowings in other group companies to minimise interest charges to the group.

Risk assessment

During the year under review, the Members have formally identified and documented, the major risks to which the charitable company is exposed. Those risks have been reviewed, both by the finance committee and the full board, and risk management strategies have been implemented.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

ELEVENTH REPORT OF THE COUNCIL

Employee involvement

The charitable company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the charitable company.

Disabled employees

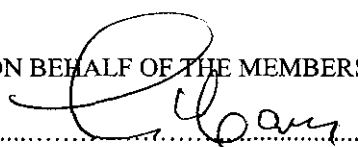
Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the charitable company may continue.

It is the policy of the charitable company that training, career development and promotion opportunities should be available to all employees.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE MEMBERS


.....
The Lord Carey of Clifton
Chairman

10 December 2003

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)**

We have audited the financial statements of The Church Schools Company (Limited by Guarantee) for the year ended 31 August 2003 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The members are also the directors of The Church Schools Company (Limited by Guarantee) for the purposes of company law. Their responsibilities for preparing the members' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of members' responsibilities.

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 members' report is not consistent with the financial statements, if the charitable 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 members' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the members' report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's report and the members' report. 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 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 members 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.

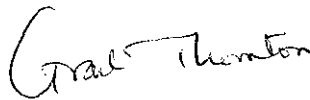
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)**

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 2003 and of its 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.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**



Northampton

10 December 2003

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and follow the recommendations in the Statement of Recommended Practice: Accounting by Charities (the SORP) issued in October 2000. They have been prepared under the historical cost convention except that investments are valued at market value.

CONSOLIDATION

Consolidated financial statements have not been prepared as consolidated accounts for the charitable company's ultimate parent undertaking, The Church Schools Foundation Limited are publicly available from the charitable company's registered office and incorporate the charitable company and its subsidiary undertakings.

The principal accounting policies of the charitable company have remained unchanged from the previous year and are set out below.

INCOME

Fees

Fees are the total amount receivable by the charitable company for services provided.

Donations and gifts

All monetary donations and gifts are included in full in the statement of financial activities when receivable.

Investment income

Investment income, including associated income tax recoveries, is recognised when receivable.

EXPENDITURE

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the charitable company's objectives;
- expenditure incurred directly in the effort to raise voluntary contributions (fundraising and publicity);
and
- expenditure incurred in the management and administration of the charitable company.

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 charitable company.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

PRINCIPAL ACCOUNTING POLICIES

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets held for the charitable company's use by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Computer equipment	3 years
Fixtures and fittings	10 years
Motor vehicles	4 years
Leasehold improvements	Term of the lease

INVESTMENTS

Assets held for investment purposes are valued at market value at the balance sheet date.

Traded securities are valued at the mid-point quotation in the Stock Exchange Daily List.

Net gains and losses arising on revaluations and disposals during the year are included in the statement of financial activities.

STOCKS

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

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of financial activities over the period of the lease.

All other leases are regarded as operating leases and the total payments made under them are charged to the statement of financial activities on a straight line basis over the lease term.

RETIREMENT BENEFITS

The charitable company makes contributions to three defined contribution pension plans for non-teaching staff.

The pension costs charged in the year represent the amount of the contributions payable to the schemes in respect of the accounting period.

The charitable company also makes contributions to the teachers' superannuation scheme (operated by the Department for Education and Skills) in respect of all full-time and some part-time teachers but is unable to identify its share of the underlying assets and liabilities. The pension costs charged in the year represent the amount of the contributions payable to the scheme in respect of the accounting period.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2003

	Note	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Income					
Incoming resources					
Fees	1	31,521,284	-	31,521,284	27,987,182
Donations and gifts		-	230,700	230,700	146,071
Other education related income		224,590	-	224,590	443,835
Rents and lettings		37,957	-	37,957	84,474
Investment income	2	95,314	18,944	114,258	82,877
Grants received from DfES		1,387,830	-	1,387,830	-
Management fees		30,000	-	30,000	-
Total incoming resources		33,296,975	249,644	33,546,619	28,744,439
Expenditure					
Resources expended					
Cost of generating funds:					
Fundraising and publicity		11,505	-	11,505	10,672
Charitable expenditure:					
Grant		5,000,000	-	5,000,000	3,000,000
Educational establishment costs		30,269,387	154,513	30,423,900	25,743,943
Management and administration		26,420	-	26,420	24,405
		35,295,807	154,513	35,450,320	28,768,348
Total resources expended	3	35,307,312	154,513	35,461,825	28,779,020
Net (outgoing)/incoming resources for the year and (deficit)/surplus of income over expenditure	1	(2,010,337)	95,131	(1,915,206)	(34,581)
Other recognised gains and losses					
Unrealised gains on investment assets		-	-	-	736
Net movements in funds		(2,010,337)	95,131	(1,915,206)	(33,845)
Total funds brought forward at 1 September 2002		6,801,310	412,792	7,214,102	7,247,947
Total funds carried forward at 31 August 2003		4,790,973	507,923	5,298,896	7,214,102


The accompanying accounting policies and notes form an integral part of these financial statements.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

BALANCE SHEET AT 31 AUGUST 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	9		1,442,834		1,233,398
Investments	10		<u>89,498</u>		<u>89,229</u>
			1,532,332		1,322,627
Current assets					
Stocks	11	98,895		107,559	
Debtors	12	1,274,084		842,122	
Cash at bank and in hand		<u>10,006,408</u>		<u>10,610,911</u>	
		11,379,387		11,560,592	
Creditors: amounts falling due within one year	13	<u>7,384,586</u>		<u>5,490,456</u>	
Net current assets			<u>3,994,801</u>		<u>6,070,136</u>
Total assets less current liabilities			5,527,133		7,392,763
Creditors: amounts falling due after more than one year	14		228,237		178,661
			<u>5,298,896</u>		<u>7,214,102</u>
Income funds					
Restricted funds	16		507,923		412,792
Unrestricted funds			4,790,973		6,801,310
	17		<u>5,298,896</u>		<u>7,214,102</u>

The financial statements were approved by the Members of the Council on 10 December 2003.



 The Lord Carey of Clifton
 Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

For the year ended 31 August 2003

	Note	£	2003 £	£	2002 £
Net cash inflow from operating activities	18		487,976		1,556,959
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(529,054)		(377,051)	
Purchase of investments		<u>(269)</u>		<u>(313)</u>	
Net cash outflow from investing activities			(529,323)		(377,364)
Financing					
Capital element of hire purchase contracts		<u>(563,156)</u>		<u>(422,251)</u>	
Net cash outflow from financing	19		(563,156)		(422,251)
(Decrease)/increase in cash	19		<u>(604,503)</u>		<u>757,344</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

1 FEES AND DEFICIT ON ORDINARY ACTIVITIES

The fees and deficit on ordinary activities are attributable to the operation of Schools providing a liberal, practical and general education for children which includes religious instruction in the doctrine and duties of Christianity.

2 INVESTMENT INCOME

Investment income comprises income from:

	2003 £	2002 £
Listed investments	6,915	7,318
Bank deposits	107,343	75,559
	<u>114,258</u>	<u>82,877</u>

3 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total 2003 £	Total 2002 £
Cost of generating funds					
Fundraising and publicity	-	-	11,505	11,505	10,672
Charitable expenditure					
Grant	-	-	5,000,000	5,000,000	3,000,000
Educational establishment costs	20,187,545	892,853	9,343,502	30,423,900	25,743,943
Management and administration	1,268	-	25,152	26,420	24,405
Total	<u>20,188,813</u>	<u>892,853</u>	<u>14,380,159</u>	<u>35,461,825</u>	<u>28,779,020</u>

Other costs:

	2003 £	2002 £
Education costs	1,158,107	1,034,392
Catering costs	1,522,011	1,402,137
Premises and service costs	3,125,142	2,575,357
Marketing costs	381,007	301,640
Financial expenses	106,763	95,911
Other overheads	1,699,299	1,951,436
Grant to The Church Schools Foundation Limited	5,000,000	3,000,000
City Academies costs	1,387,830	-
	<u>14,380,159</u>	<u>10,360,873</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

3 ANALYSIS OF TOTAL RESOURCES EXPENDED (CONTINUED)

Total resources expended include:

	2003 £	2002 £
Auditors' remuneration		
Audit services	10,281	9,000
Depreciation:		
Tangible fixed assets, owned	427,486	335,425
Tangible fixed assets, held under hire purchase contracts	465,367	404,526
Operating lease rentals	<u>1,323,636</u>	<u>1,180,886</u>

4 NET INTEREST

	2003 £	2002 £
On bank overdrafts	(39,233)	(30,580)
Finance charges in respect of hire purchase contracts	<u>(49,803)</u>	<u>(45,299)</u>
	(89,036)	(75,879)
Other interest receivable and similar income:		
Bank deposits	107,344	75,559
	<u>18,308</u>	<u>(320)</u>

5 EMPLOYEES

Staff costs during the year were as follows:

	2003 £	2002 £
Wages and salaries	17,427,438	15,573,106
Social security costs	1,315,598	1,110,482
Other pension costs	1,445,777	994,608
	<u>20,188,813</u>	<u>17,678,196</u>

The average number of employees during the year was 836 (2002: 837).

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

5 EMPLOYEES (CONTINUED)

The emoluments of higher-paid employees fell within the following ranges:

	2003	2002
£50,001 to £60,000	4	7
£60,001 to £70,000	3	2
£70,001 to £80,000	3	3
£90,001 to £100,000	1	-
£110,001 to £120,000	-	1
£140,001 to £150,000	1	-

During the year the following amounts were paid to higher paid employees as shown above:

	2003 £	2002 £
Pension contributions to defined contribution and teachers' superannuation schemes	<u>109,736</u>	<u>94,142</u>

During the year, 2 higher paid employees (2002: 1) participated in defined contribution schemes and 10 (2002: 12) participated in the teachers' superannuation scheme (operated by the Department for Education and Skills).

6 DIRECTORS

There was no remuneration payable in respect of Members of the Council for the year ended 31 August 2003 or 31 August 2002.

7 PAYMENTS TO MEMBERS

No member or person with a family or business connection with a Member of the Council, received remuneration in the year, directly or indirectly, from the charitable company.

Expense reimbursements paid to all Members of the Council during the year amounted to £3,159 (2002: £4,940) and all related to travel and subsistence costs.

8 CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	Unrestricted Funds £	Restricted Funds £	Total 2003 £	Total 2002 £
Net movement in funds for the year	(2,010,337)	95,131	(1,915,206)	(33,845)
Less: Net increase in tangible fixed assets	209,436	-	209,436	108,511
Net movement in funds available for future activities	<u>(2,219,773)</u>	<u>95,131</u>	<u>(2,124,642)</u>	<u>(142,356)</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

9

TANGIBLE FIXED ASSETS

	Total £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Leasehold improvements £
Cost					
At 1 September 2002	4,350,752	784,751	3,441,819	109,167	15,015
Additions	1,102,289	263,177	830,888	8,224	-
At 31 August 2003	<u>5,453,041</u>	<u>1,047,928</u>	<u>4,272,707</u>	<u>117,391</u>	<u>15,015</u>
Depreciation					
At 1 September 2002	3,117,354	559,900	2,490,661	64,916	1,877
Provided in the year	892,853	119,090	752,692	19,194	1,877
At 31 August 2003	<u>4,010,207</u>	<u>678,990</u>	<u>3,243,353</u>	<u>84,110</u>	<u>3,754</u>
Net book amount at 31 August 2003	<u>1,442,834</u>	<u>368,938</u>	<u>1,029,354</u>	<u>33,281</u>	<u>11,261</u>
Net book amount at 31 August 2002	<u>1,233,398</u>	<u>224,851</u>	<u>951,158</u>	<u>44,251</u>	<u>13,138</u>

All tangible fixed assets were used for charitable purposes.

The figures stated above include assets held under hire purchase contracts as follows:

	Fixtures and fittings £	Computer equipment £	Motor vehicles £
Net book amount at 31 August 2003	<u>-</u>	<u>605,530</u>	<u>16,995</u>
Net book amount at 31 August 2002	<u>20,650</u>	<u>489,164</u>	<u>25,492</u>
Depreciation provided in the year	<u>-</u>	<u>456,870</u>	<u>8,497</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

10 FIXED ASSET INVESTMENTS

	Bank balances £	Listed investments £	Total £
Cost or valuation			
At 1 September 2002	15,484	73,745	89,229
Additions	269	-	269
At 31 August 2003	<u>15,753</u>	<u>73,745</u>	<u>89,498</u>

Listed investments are stated at their mid market value as at the balance sheet date. If the investments had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Listed investments £
Cost and net book amount at 31 August 2003	<u>50,674</u>
Cost and net book amount at 31 August 2002	<u>50,674</u>

At 31 August 2003, the company held more than 20% of the following:

	Class of share capital held	Proportion held Directly	Indirectly	Nature of business
United Learning Trust (Limited by Guarantee)	-	75%	-	Education
ULT Projects Limited	Ordinary £1	-	100%	Property development

The aggregate amount of the capital and reserves and surplus for the period ended 31 August 2003 of the subsidiaries were as follows:

	Capital and reserves £	Surplus £
United Learning Trust (Limited by Guarantee)	<u>4,898,507</u>	<u>4,898,507</u>
ULT Projects Limited	<u>1,525</u>	<u>1,425</u>

ULT Projects Limited's first accounting period will end on 31 August 2004. The above figures are taken from unaudited management accounts for the five month period to 31 August 2003.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

11 STOCKS

	2003 £	2002 £
Goods for resale	<u>98,895</u>	<u>107,559</u>

12 DEBTORS

	2003 £	2002 £
Trade debtors	132,068	264,510
Amounts owed by group undertakings	52,917	66,742
Amounts owed by connected charity	22,157	58,389
Other debtors	54,286	25,659
Prepayments and accrued income	1,012,656	426,822
	<u>1,274,084</u>	<u>842,122</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	1,219,599	414,002
Amounts due to group undertakings	278,674	-
Social security and other taxes	451,279	380,644
Other creditors	768,972	558,894
Accruals and deferred income	4,317,555	3,748,912
Amounts due under hire purchase contracts	348,507	388,004
	<u>7,384,586</u>	<u>5,490,456</u>

Amounts due under hire purchase contracts are secured on the assets to which they relate.

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Amounts due under hire purchase contracts	<u>228,237</u>	<u>178,661</u>

Amounts due under hire purchase contracts are secured on the assets to which they relate.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

15 BORROWINGS

Borrowings are repayable as follows:

	2003 £	2002 £
Hire purchase contracts:		
Within one year	348,507	388,004
After one and within two years	228,237	178,661
	<u>576,744</u>	<u>566,665</u>

16 RESTRICTED FUNDS

	At 1 September 2002 £	Movement in resources Incoming resources £	Expenditure £	At 31 August 2003 £
Prize and scholarship funds	274,971	25,115	(22,032)	278,054
Sponsorship fund	137,821	224,529	(132,481)	229,869
	<u>412,792</u>	<u>249,644</u>	<u>(154,513)</u>	<u>507,923</u>

The prize and scholarship funds have been donated over a number of years. The funds are utilised to give prizes and scholarships to pupils who attend the schools operated by the charitable company.

The sponsorship fund has been formed to gather together the external donations received towards the charitable company's support for the City Academies of the United Learning Trust.

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	1,442,834	-	1,442,834
Investments	-	89,498	89,498
Current assets	10,960,962	418,425	11,379,387
Creditors: amounts falling due within one year	(7,384,586)	-	(7,384,586)
Creditors: amounts falling due after more than one year	(228,237)	-	(228,237)
	<u>4,790,973</u>	<u>507,923</u>	<u>5,298,896</u>
Unrealised gains included above			
Investments	-	23,071	23,071

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

18 RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Changes in resources before revaluations	(1,915,206)	(34,581)
Depreciation	892,853	739,951
Decrease/(increase) in stocks	8,664	(41,879)
Increase in debtors	(431,962)	(78,338)
Increase in creditors	1,933,627	971,806
Net cash inflow from operating activities	<u>487,976</u>	<u>1,556,959</u>

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003 £	2002 £
(Decrease)/increase in cash	(604,503)	757,344
Cash outflow from financing	<u>563,156</u>	<u>422,251</u>
Change in net funds resulting from cash flows	(41,347)	1,179,595
Inception of hire purchase contracts	<u>(573,235)</u>	<u>(471,411)</u>
Movement in net funds in the year	(614,582)	708,184
Net funds at 1 September 2002	10,044,246	9,336,062
Net funds at 31 August 2003	<u>9,429,664</u>	<u>10,044,246</u>

20 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2002 £	Cash flows £	Non-cash items £	At 31 August 2003 £
Cash at bank and in hand	10,610,911	(604,503)	-	10,006,408
Hire purchase contracts	(566,665)	563,156	(573,235)	(576,744)
	<u>10,044,246</u>	<u>(41,347)</u>	<u>(573,235)</u>	<u>9,429,664</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

21 CAPITAL COMMITMENTS

	2003 £	2002 £
Contracted for but not provided in these financial statements	-	573,235

22 CONTINGENT LIABILITIES

At 31 August 2003 the charitable company was party to a cross-guarantee on bank loans and overdrafts of the parent undertaking totalling £17,354,904 (2002: £19,083,217).

23 RETIREMENT BENEFITS

The charitable company makes contributions to the Teachers' Superannuation Scheme (operated by the Department for Education and Skills) in respect of teachers.

However, the charitable company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly, no provision can be made for any under or over provision of funding within the scheme as permitted under Financial Reporting Standard No. 17 "Retirement Benefits".

The charitable company also operates defined contribution pension schemes. The assets of the schemes are held separately from those of the charitable company in independently administered funds.

The pension cost charge represents contributions payable by the charitable company to the schemes and amounted to £1,445,777 (2002: £994,608).

Included within other creditors is £273,828 in respect of accrued contributions to the Teachers' Superannuation Scheme.

24 LEASING COMMITMENTS

Operating lease payments amounting to £1,239,613 (2002: £1,217,339) are due within one year. The leases to which these amounts relate expire as follows:

	Land and buildings £	2003 Other £	Land and buildings £	2002 Other £
In one year or less	9,480	6,038	-	7,131
Between one and five years	1,000	53,618	9,800	30,556
In five years or more	1,169,477	-	1,169,852	-
	<u>1,179,957</u>	<u>59,656</u>	<u>1,179,652</u>	<u>37,687</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2003

25 TRANSACTIONS WITH RELATED PARTIES

As a wholly-owned subsidiary of The Church Schools Foundation Limited, the charitable company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by The Church Schools Foundation Limited.

There is a relationship between The Church Schools Company (Limited by Guarantee) and Caterham School because the former has the right to nominate Caterham School's "A" trustees.

The transactions between the related parties were as follows:

	2003 £	2002 £
Administration charge receivable from Caterham School	-	65,100
Amounts owed by Caterham School	22,157	58,389

26 CONTROLLING RELATED PARTY

The Council consider that the ultimate parent undertaking and controlling related party of this charitable company is The Church Schools Foundation Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by The Church Schools Foundation Limited. Copies of the group accounts can be obtained from Church Schools House, Titchmarsh, Kettering, Northants, NN14 3DA.