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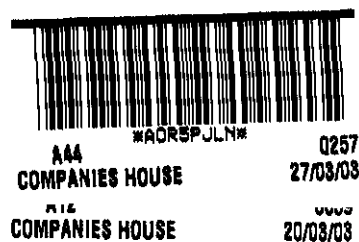
Grant Thornton 

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2002



Company no 2780748

Registered charity no 1016538

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 August 2002

Company registration number: 2780748

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

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

Chief Executive: E W Harper CBE MA

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 2002

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THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

CHAIRMAN'S REPORT

The Church Schools Company has had a very successful year in 2001/02. We are grateful to many people who have contributed to this in every aspect of school life.

The financial reports show a continuing healthy position.

There is no doubt that the quality of what is produced in the schools is rising all the time. This is reflected in the demand to enter our schools. While the Independent Sector grew by 1.7% last year, the last three years has seen growth at Church Schools at 3.5%, 4.0% and 4.3%. This is very encouraging for all of us and yet it places pressures on the schools not to let standards slip but to continue to build year by year.

The results at GCSE and A levels have been sound in every case, and outstanding in some.

A major part of our collective work over the past two years has been to understand the benefits which we could attain from using technology in support of teaching and learning. Our continuing programme of investment in electronic whiteboards has been an important part of this, culminating this year in a further tranche of boards being installed to allow access to this medium for all our teaching staff.

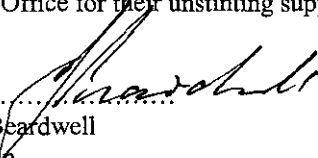
Our intranet continues to be developed to bring together all our schools.

During this year we have worked with the Department for Education and Skills in developing plans for a number of City Academies. With this aim in mind, a subsidiary charity has been registered (The United Learning Trust). A formal agreement to proceed with the first of these Academies in the London Borough of Lambeth, was signed in November 2002.

The charitable company is highly dependent upon the devoted efforts of the staff in all the schools and I would like to record the appreciation of the Council to all our Heads and members of staff for their continuing efforts.

J E Hosking and Mrs P H Parsonson resigned from the Council in October and December 2001 respectively, and I would like to thank them for their valuable contribution during their time with us.

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


.....
J H W Beardwell
Chairman

11 December 2002

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

TENTH REPORT OF THE COUNCIL

The Council presents its report together with financial statements for the year ended 31 August 2002.

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.

Financial review

The total deficit for the year amounted to £34,581 (2001: surplus £2,134,817). This deficit is after an exceptional grant paid to The Church Schools Foundation Limited for £3,000,000 (2001: £Nil). The charitable company is not liable to pay corporation tax and the deficit has therefore been transferred from reserves.

A new subsidiary undertaking has been incorporated during the year under the name of the United Learning Trust. This charitable company's aim is to manage a group of Academies for the Department for Education and Skills, currently this subsidiary is dormant. The first three proposed Academies are in Lambeth, Manchester and Northampton.

Restricted funds income for the year includes donations of £137,821 in respect of the United Learning Trust fund which has been set up by the charitable company.

The value of restricted funds to be utilised in future years is £412,792. Unrestricted funds amount to £6,801,310.

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

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 on page 21.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

TENTH REPORT OF THE COUNCIL

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
J H W Beardwell (Chairman)		*	*	*
Air Chief Marshal Sir Michael Graydon (Vice Chairman)		*		
D C Barnes		*	*	*
D P G Cade		*		
Prof M J Clark				
T D Overton				
P B Smith				
I Innes				
J Ward				
J C Elias				
Rt Hon Dame Angela Rumbold				
Mrs M Hicks				
The Lady Goodhart				
W R Broadhead				
Rt Rev D E W M Walker	10 October 2001			
D S Brandon	10 October 2001			
Mrs J Loudon	10 October 2001			

The following members have retired from the Council.

Member	Date of resignation
Mrs P H Parsonson	12 December 2001
J E Hosking	10 October 2001

The Rt Rev and Rt Hon the Lord Carey of Clifton was appointed to the Council on 9 October 2002.

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

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.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

TENTH REPORT OF THE COUNCIL

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. At 31 August 2002 the amount of these reserves in the unrestricted funds amounted to £5,567,912. Reviews of the level of reserves are taken annually in line with predicted cash flows and the economic climate.

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.

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.

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

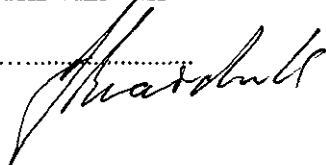
TENTH REPORT OF THE COUNCIL

Auditors

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

ON BEHALF OF THE MEMBERS

.....
J H W Beardwell
Chairman



11 December 2002

**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 2002 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.

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 2002 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

11 December 2002

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.

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

Consolidated financial statements have not been prepared as the members do not consider the subsidiary undertaking to be material.

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

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.

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 of Education) 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 2002

	Note	Unrestricted funds £	Restricted funds £	Total 2002 £	Total 2001 £
Income					
Incoming resources					
Fees	1	27,987,182	-	27,987,182	24,453,585
Donations and gifts		-	146,071	146,071	12,200
Other education related income		443,835	-	443,835	282,514
Rents and lettings		84,474	-	84,474	69,358
Investment income	2	75,559	7,318	82,877	49,826
Total incoming resources		<u>28,591,050</u>	<u>153,389</u>	<u>28,744,439</u>	<u>24,867,483</u>
Expenditure					
Resources expended					
Cost of generating funds:					
Fundraising and publicity		<u>10,672</u>	<u>-</u>	<u>10,672</u>	<u>11,088</u>
Charitable expenditure:					
Grant - exceptional		3,000,000	-	3,000,000	-
Educational establishment costs		25,725,058	18,885	25,743,943	22,699,097
Management and administration		24,405	-	24,405	22,481
		<u>28,749,463</u>	<u>18,885</u>	<u>28,768,348</u>	<u>22,721,578</u>
Total resources expended	3	<u>28,760,135</u>	<u>18,885</u>	<u>28,779,020</u>	<u>22,732,666</u>
Net (outgoing)/incoming resources for the year and (deficit)/surplus of income over expenditure	1	(169,085)	134,504	(34,581)	2,134,817
Other recognised gains and losses					
Unrealised gains on investment assets		<u>-</u>	<u>736</u>	<u>736</u>	<u>6,671</u>
Net movements in funds		(169,085)	135,240	(33,845)	2,141,488
Total funds brought forward at 1 September 2001		6,970,395	277,552	7,247,947	5,106,459
Total funds carried forward at 31 August 2002		<u>6,801,310</u>	<u>412,792</u>	<u>7,214,102</u>	<u>7,247,947</u>

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 2002

	Note	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	9		1,233,398		1,124,887
Investments	10		<u>89,229</u>		<u>88,180</u>
			1,322,627		1,213,067
Current assets					
Stocks	11	107,559		65,680	
Debtors	12	842,122		763,784	
Cash at bank and in hand		<u>10,610,911</u>		<u>9,853,567</u>	
		11,560,592		10,683,031	
Creditors: amounts falling due within one year	13	<u>5,490,456</u>		<u>4,417,576</u>	
Net current assets			<u>6,070,136</u>		<u>6,265,455</u>
Total assets less current liabilities			7,392,763		7,478,522
Creditors: amounts falling due after more than one year	14		178,661		230,575
			<u>7,214,102</u>		<u>7,247,947</u>
Income funds					
Restricted funds	16		412,792		277,552
Unrestricted funds			6,801,310		6,970,395
	17		<u>7,214,102</u>		<u>7,247,947</u>

The financial statements were approved by the Members of the Council on 11 December 2002.

.....
J H W Beardwell
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 2002

	Note	£	2002 £	£	2001 £
Net cash inflow from operating activities	18		1,556,959		3,467,122
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(377,051)		(378,922)	
Purchase of investments		(313)		-	
Sale of investments		-		1,629	
Net cash outflow from investing activities			(377,364)		(377,293)
Financing					
Capital element of hire purchase contracts		(422,251)		(432,812)	
Net cash outflow from financing	19		(422,251)		(432,812)
Increase in cash	19		<u>757,344</u>		<u>2,657,017</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 2002

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:

	2002 £	2001 £
Listed investments	7,318	10,098
Bank deposits	75,559	39,728
	<u>82,877</u>	<u>49,826</u>

3 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	Total 2002 £	Total 2001 £
Cost of generating funds					
Fundraising and publicity	-	-	10,672	10,672	11,088
Charitable expenditure					
Grant - exceptional	-	-	3,000,000	3,000,000	-
Educational establishment costs	17,676,941	739,951	7,327,051	25,743,943	22,699,097
Management and administration	1,255	-	23,150	24,405	22,481
Total	<u>17,678,196</u>	<u>739,951</u>	<u>10,360,873</u>	<u>28,779,020</u>	<u>22,732,666</u>

Other costs:

	2002 £	2001 £
Education costs	1,034,392	1,014,267
Catering costs	1,402,137	1,216,317
Premises and service costs	2,575,357	2,102,874
Marketing costs	301,640	285,100
Financial expenses	95,911	76,548
Other overheads	1,951,436	1,667,899
Grant to The Church Schools Foundation Limited	3,000,000	-
	<u>10,360,873</u>	<u>6,363,005</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

3 ANALYSIS OF TOTAL RESOURCES EXPENDED (CONTINUED)

Total resources expended include:

	2002 £	2001 £
Auditors' remuneration		
Audit services	9,000	8,100
Non-audit services	-	2,350
Depreciation:		
Tangible fixed assets, owned	335,425	206,536
Tangible fixed assets, held under hire purchase contracts	404,526	374,207
Operating lease rentals	1,180,886	1,075,240

4 NET INTEREST

	2002 £	2001 £
On bank overdrafts	(30,580)	(12,552)
Finance charges in respect of hire purchase contracts	(45,299)	(44,036)
	(75,879)	(56,588)
Other interest receivable and similar income:		
Bank deposits	75,559	39,728
	(320)	(16,860)

5 EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	15,573,106	13,908,030
Social security costs	1,110,482	1,040,612
Other pension costs	994,608	840,276
	17,678,196	15,788,918

The average number of employees during the year was 837 (2001: 819).

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

5 EMPLOYEES (CONTINUED)

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

	2002	2001
£50,001 to £60,000	7	5
£60,001 to £70,000	2	2
£70,001 to £80,000	3	1
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-

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

	2002 £	2001 £
Pension contributions to defined contribution and teachers' superannuation schemes	<u>94,142</u>	<u>74,291</u>

During the year, 1 higher paid employee (2001: 2) participated in defined contribution schemes and 12 (2001: 7) participated in the teachers' superannuation scheme (operated by the Department of Education).

6 DIRECTORS

There was no remuneration payable in respect of Members of the Council for the year ended 31 August 2002 or 31 August 2001.

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 £4,940 (2001: £5,859) and all related to travel and subsistence costs.

8 CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
Net movement in funds for the year	(169,085)	135,240	(33,845)	2,141,488
Less: Net increase/(decrease) in tangible fixed assets	108,511	-	108,511	(147,600)
Net movement in funds available for future activities	<u>(277,596)</u>	<u>135,240</u>	<u>(142,356)</u>	<u>2,289,088</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

9 TANGIBLE FIXED ASSETS

	Total £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Leasehold improvement £
Cost					
At 1 September 2001	3,502,290	779,757	2,653,272	69,261	-
Additions	848,462	4,994	788,547	39,906	15,015
At 31 August 2002	<u>4,350,752</u>	<u>784,751</u>	<u>3,441,819</u>	<u>109,167</u>	<u>15,015</u>
Depreciation					
At 1 September 2001	2,377,403	481,422	1,848,202	47,779	-
Provided in the year	739,951	78,478	642,459	17,137	1,877
At 31 August 2002	<u>3,117,354</u>	<u>559,900</u>	<u>2,490,661</u>	<u>64,916</u>	<u>1,877</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>
Net book amount at 31 August 2001	<u>1,124,887</u>	<u>298,335</u>	<u>805,070</u>	<u>21,482</u>	<u>-</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 2002	<u>20,650</u>	<u>489,164</u>	<u>25,492</u>
Net book amount at 31 August 2001	<u>23,600</u>	<u>465,022</u>	<u>-</u>
Depreciation provided in the year	<u>2,950</u>	<u>393,079</u>	<u>8,497</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

10 FIXED ASSET INVESTMENTS

	Bank balances £	Listed investments £	Total £
Cost or valuation			
At 1 September 2001	15,171	73,009	88,180
Additions	313	-	313
Changes in market value	-	736	736
At 31 August 2002	<u>15,484</u>	<u>73,745</u>	<u>89,229</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 2002	<u>50,674</u>
Cost and net book amount at 31 August 2001	<u>65,846</u>

Subsidiary undertakings

The charitable company has an interest in a newly formed company called the United Learning Trust. The charitable company has the right to control 75% of the voting rights for the United Learning Trust.

United Learning Trust was dormant as at 31 August 2002 and its first accounting period will end on 31 August 2003. As at 31 August 2002 the capital and reserves of United Learning Trust amounted to £Nil. It is intended that the principal activity of the United Learning Trust will be the operation of a group of Academies on behalf of the Department for Education and Skills.

For the period ending 31 August 2003 and subsequent years, this subsidiary will be included in the consolidated financial statements of The Church Schools Foundation Limited, which is the charitable company's ultimate parent undertaking.

11 STOCKS

	2002 £	2001 £
Goods for resale	<u>107,559</u>	<u>65,680</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

12 DEBTORS

	2002 £	2001 £
Trade debtors	264,510	340,662
Amounts owed by group undertakings	66,742	106,071
Amounts owed by connected charity	58,389	22,127
Other debtors	25,659	61,613
Prepayments and accrued income	426,822	233,311
	<u>842,122</u>	<u>763,784</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	414,002	198,711
Social security and other taxes	380,644	357,530
Other creditors	558,894	475,363
Accruals and deferred income	3,748,912	3,099,042
Amounts due under hire purchase contracts	388,004	286,930
	<u>5,490,456</u>	<u>4,417,576</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Amounts due under hire purchase contracts	<u>178,661</u>	<u>230,575</u>

15 BORROWINGS

Borrowings are repayable as follows:

	2002 £	2001 £
Hire purchase contracts:		
Within one year	388,004	286,930
After one and within two years	178,661	230,575
	<u>566,665</u>	<u>517,505</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

16 RESTRICTED FUNDS

	1 September 2001 £	Movement in resources		Revaluation surplus £	31 August 2002 £
		Incoming resources £	Expenditure £		
Prize and scholarship funds	277,552	15,568	(18,885)	736	274,971
United Learning Trust	-	137,821	-	-	137,821
	<u>277,552</u>	<u>153,389</u>	<u>(18,885)</u>	<u>736</u>	<u>412,792</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 United Learning Trust fund has been formed in the year to gather together the donations received towards the charitable company's financial backing for the Academies being implemented from September 2003.

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	1,233,398	-	1,233,398
Investments	-	89,229	89,229
Current assets	11,237,029	323,563	11,560,592
Creditors: amounts falling due within one year	(5,490,456)	-	(5,490,456)
Creditors: amounts falling due after more than one year	(178,661)	-	(178,661)
	<u>6,801,310</u>	<u>412,792</u>	<u>7,214,102</u>
Unrealised gains included above			
Investments	-	23,071	23,071

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

	2002 £	2001 £
Changes in resources before revaluations	(34,581)	2,134,817
Depreciation	739,951	580,743
Increase in stocks	(41,879)	2,560
Increase in debtors	(78,338)	(6,595)
Increase in creditors	971,806	755,597
Net cash inflow from operating activities	<u>1,556,959</u>	<u>3,467,122</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
Increase in cash	757,344	2,657,017
Cash outflow from financing	422,251	432,812
Change in net funds resulting from cash flows	1,179,595	3,089,829
Inception of hire purchase contracts	(471,411)	(611,318)
Movement in net funds in the year	708,184	2,478,511
Net funds at 1 September 2001	9,336,062	6,857,551
Net funds at 31 August 2002	10,044,246	9,336,062

20 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2001 £	Cash flows £	Non-cash items £	At 31 August 2002 £
Cash at bank and in hand	9,853,567	757,344	-	10,610,911
Hire purchase contracts	(517,505)	422,251	(471,411)	(566,665)
	9,336,062	1,179,595	(471,411)	10,044,246

21 CAPITAL COMMITMENTS

	2002 £	2001 £
Contracted for but not provided in these financial statements	573,235	349,752

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2002 or 31 August 2001 except in respect of a cross-guarantee on bank loans and overdrafts of the parent undertaking totalling £19,083,217 at 31 August 2002 (2001: £17,618,682).

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

23 RETIREMENT BENEFITS

The charitable company makes contributions to the Teachers' Superannuation Scheme (operated by the Department of Education) 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 £994,608 (2001: £840,276).

24 LEASING COMMITMENTS

Operating lease payments amounting to £1,217,339 (2001: £1,023,903) are due within one year. The leases to which these amounts relate expire as follows:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	7,131	-	14,105
Between one and five years	9,800	30,556	8,000	50,138
In five years or more	1,169,852	-	951,660	-
	<u>1,179,652</u>	<u>37,687</u>	<u>959,660</u>	<u>64,243</u>

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:

	2002 £	2001 £
Administration charge receivable from Caterham School	<u>65,100</u>	<u>62,000</u>
Amounts owed by Caterham School	<u>58,389</u>	<u>22,127</u>

THE CHURCH SCHOOLS COMPANY (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2002

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.