

Company No. 2829156

MANOR LODGE SCHOOL
A Company Limited by Guarantee
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2004



J DANIELS
Chartered Accountants & Registered Auditors

1 Chase Side Crescent, Enfield, Middlesex, EN2 0JA

Telephone: 020 8364 5126

Facsimile: 020 8366 4109

Email: j.daniels@btclick.com

J.A. Daniels F.C.A.

8 CO

MANOR LODGE SCHOOL

A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2004

CONTENTS	PAGE
Directors' Report	1 - 3
Auditor's Report	4
Statement of Financial Activities	5
Balance Sheet	6
Notes to the Accounts	7 - 11

The following pages do not form part of the Statutory Accounts:

Detailed Income and Expenditure Account	12 - 13
---	---------

A Company Limited by Guarantee**DIRECTORS' REPORT****FOR THE YEAR ENDED 31ST AUGUST 2004****STATUS AND ADMINISTRATION**

Manor Lodge School was incorporated on 22 June 1993 and commenced activities on 19 November 1993. The Company changed its name from Forestpost Limited to Manor Lodge School Limited on 4 May 1995 and arranged pursuant to Section 30(5)(c) of the Companies Act 1985 to have the word "Limited" omitted from the Company name. The School registered as a Charity with the Charity Commissioners on 25 August 1995, number 1048874. Its registered company number is 2829156.

DIRECTORS

The Directors of the Company who are also the Charity Trustees and the Governors of the School and who served during the year were:

A J Phipps # (Chairman)
E M Hatley # (Resigned 31/8/04)
M J Higham *
Mrs S M Parnell *
C A C Thacker *

J D Harris CBE #*
Mrs M N Hawkins (Resigned 31/12/04)
N Martin #
S Patel #

** Members of the Education Subcommittee*

Members of the Finance and General Purposes Subcommittee

The Governors are appointed by the Board of Governors for a term of three years. They can be re-elected.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the surplus or deficit of the Company for that year. In preparing those Financial Statements, the Directors are required to-

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors 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.

A Company Limited by Guarantee**DIRECTORS' REPORT - continued****FOR THE YEAR ENDED 31ST AUGUST 2004**

OFFICERS

The Head	Mrs J M Smart
Deputy Head	Mr G Dunn
The Bursar and Company Secretary and Clerk to the Governors	E M Hatley
Address	Manor Lodge School Rectory Lane Ridge Hill Shenley Radlett, Herts, WD7 9BG

ADVISORS

Bankers	Allied Irish Bank 629/635 Holloway Road London N19 5SU
Solicitors	Ottaways The Mansion 1 St Peters Street St Albans Herts AL1 3DJ
Auditors	J Daniels & Co. 1 Chase Side Crescent Enfield Middlesex, EN2 0JA
Insurance Brokers	HSBC Insurance Brokers Limited Schools Division Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU

OBJECTS

The objects are set out in the Memorandum and are to advance education in particular by establishing and carrying on in Great Britain (and any other countries) schools at or by means of which students may obtain education and instruction in all subjects whatsoever that may be included in a commercial, technical, scientific, classical or academic education, or may be conducive to knowledge of or skill in any trade, pursuant or calling.

ORGANISATION

The Directors determine the general policy of the School. The day-to-day management of the School is delegated to the Head and the Bursar.

POLICY

The School is a day school and provides education to both sexes from the ages of 4 - 11 years.

A Company Limited by Guarantee**DIRECTORS' REPORT - continued****FOR THE YEAR ENDED 31ST AUGUST 2004****REVIEW**

The School continues to go from strength to strength. Numbers on roll continue to be healthy, and we have a considerable waiting list. Academic results were again extremely good with many children gaining scholarships for both academic and musical prowess. A number of pupils were also awarded bursaries from their secondary schools to assist with future fees. Manor Lodge children move on to both the state and independent sectors.

The new Hall was opened officially by Sir Henry Cooper OBE, KSG on 23 June 2004; the investment in the new facilities has proved to be of great benefit for both teaching and sporting activities, and has given an extra dimension to social events.

Extracurricular activities continued to flourish. Year 6 performed the annual play at the Radlett Centre to sell-out crowds, and concerts and informal productions were given at School by all year groups. Year 5 undertook their traditional geography field trip to Flatford Mill in February, and all year groups made educational visits of one sort or another to the National Gallery, London Planetarium, the Living Rainforest and many other places. A highlight of the year was the visit to the Royal Festival Hall for a schools' concert, thanks to the generosity of one of our Governors. During the Spring term Jeff Rich, a renowned professional drummer, gave a superb demonstration of the history and art of drumming.

Sport plays a significant part in pupils' development and both soccer and netball teams enjoyed successful seasons in competition with local independent and state schools. We anticipate extending such competition onto the rugby field in 2004/2005.

The School was involved in many charitable activities during the year. We continued our sponsorship of a local state primary school by donating both computer hardware and skills, (via our IT manager) and raised almost £8,000 for the World Wildlife Fund thanks to a sponsored walk attended by parents and children. At Christmas we donated a vast array of foodstuffs to the local RSPCA, and for Harvest Festival once again supplied necessary materials to the Fleetville Women's' Refuge and an Old Folks home. During the Summer we sponsored one of our Reception teachers who climbed Mount Kilimanjaro in aid of the Teenage Cancer Trust.

At the beginning of the financial year the School acquired Shenley Lodge Cottage, a substantial four bedroomed house set in almost two acres of land at the end of the School drive. Subject to planning permission, the intention is to create accommodation for a key worker on the first floor, and to convert the ground floor into a nursery for siblings of children already at the School.

This will involve considerable refurbishment both internally and externally once planning permission has been granted. In the short term, the School has gained a valuable playing field and extra parking space.

FINANCIAL RESULTS

The School's operating surplus for the year is £125,181. The accumulation of retained income is integral to our plans to further enhance the School. The full results are shown in the accounts

RESERVES

Note 12 to the financial statements shows the assets and liabilities attributable to the various funds by type. The statement of financial activities summarises the movements on each fund. At the year end unrestricted funds amounted to £1,730,190 but none of this is freely available because the funds are invested in fixed assets or are designated to cover capital expenditure planned for the future.

It will be some years before all bank loans are repaid and the school has funds available to be maintained in appropriate cash reserves. Once this position arises the Board has concluded that, to allow the school to be managed efficiently and to provide a buffer for uninterrupted services, a general cash reserve that equates to six months of overhead expenditure should be built up and maintained.

A Company Limited by Guarantee

DIRECTORS' REPORT - continued

FOR THE YEAR ENDED 31ST AUGUST 2004

RISK MANAGEMENT

The Board continue to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time, and to monitor the effectiveness of the system of internal controls and other viable means, including insurance cover where appropriate, by which those risks already identified by the Governors can best be mitigated.

An analysis covering both internal and external influences on the School's business is undertaken and updated regularly to identify business risk and to allow remedial action as necessary.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Messrs J Daniels & Co. as Auditors to the Company will be put to the Annual General Meeting.

REGISTERED OFFICE

Rectory Lane
Ridge Hill
Shenley
Radlett, Herts, WD7 9BG

Approved by the Board of Directors on 10th March 2005 and signed on its behalf by



.....
Secretary

TO THE MEMBERS OF MANOR LODGE SCHOOL**FOR YEAR ENDED 31ST AUGUST 2004**

We have audited the Financial Statements on Pages 5 to 11, which have been prepared under the historical cost convention and the accounting policies set out on Page 7.

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 6 of the Charities (Accounts and Reports) Regulations 1995 made under the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this audit report, or the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described on page 1, the Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit on those statements and to report our opinion to you.

Basis of Opinion

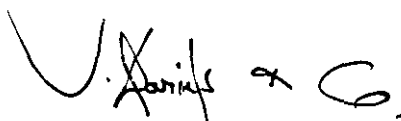
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the charitable Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the state of the charitable Company's affairs as at 31st August 2004 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.

**J. Daniels & Co.
1 Chase Side Crescent
Enfield
Middx
EN2 0JA**



Date : 18/04/05

Registered Auditors

*A Company Limited by Guarantee***STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31ST AUGUST 2004**

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2004</u> £	<u>2003</u> £
INCOMING RESOURCES					
Fees Receivable		2,160,423	-	2,160,423	2,027,652
Registrations	2	8,720	-	8,720	9,080
Miscellaneous Income		203,122	-	203,122	210,515
Bank Interest		9,104	-	9,104	25,701
Donations	1(e)	325	-	325	-
Total Incoming Resources		2,381,694	-	2,381,694	2,272,948
RESOURCES EXPENDED					
Direct Charitable Expenditure					
Teaching Costs		1,285,502	-	1,285,502	1,239,801
Housekeeping		167,566	-	167,566	166,292
Premises		363,584	-	363,584	402,747
Administration of the School		309,617	-	309,617	304,398
Restricted Funds - Depreciation		-	1,545	1,545	1,873
		2,126,269	1,545	2,127,814	2,115,111
Other Expenditure					
Finance and Other Costs		76,721	-	76,721	23,591
Management and Administration of the Charity		51,978	-	51,978	49,388
Total Resources Expended		2,254,968	1,545	2,256,513	2,188,090
NET INCOMING RESOURCES					
Balances brought forward		126,726	(1,545)	125,181	84,858
		1,603,464	6,668	1,610,132	1,525,274
BALANCES CARRIED FORWARD		1,730,190	5,123	1,735,313	1,610,132

The attached notes form part of these Accounts.

A Company Limited by GuaranteeBALANCE SHEETAS AT 31ST AUGUST 2004

	<u>Notes</u>	<u>£</u>	<u>2004</u> <u>£</u>	<u>£</u>	<u>2003</u> <u>£</u>
TANGIBLE FIXED ASSETS	6		3,528,311		2,772,236
CURRENT ASSETS					
Debtors	9	41,539		27,809	
Investments	8	306,437		190,923	
Cash at Bank and in hand		56,311		129,189	
		404,287		347,921	
CURRENT LIABILITIES					
Creditors : Amounts due within one year	10	451,035		421,525	
NET CURRENT ASSETS			(46,748)		(73,604)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,481,563		2,698,632
CREDITORS : Amounts due after more than one year	10		1,496,250		888,500
TOTAL NET ASSETS			<u>1,985,313</u>		<u>1,810,132</u>
RESTRICTED FUNDS					
Friends of Manor Lodge	7(a)		5,123		6,668
Provision for Development Costs	7(b)		250,000		200,000
UNRESTRICTED FUNDS					
Retained Income	7(c)		1,730,190		1,603,464
TOTAL FUNDS	12		<u>1,985,313</u>		<u>1,810,132</u>

Approved by the Board on 10th March 2005 and signed on its behalf by:

.....
A J Phipps
Chairman

The attached notes form part of these Accounts.

A Company Limited by GuaranteeNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST AUGUST 2004**1. ACCOUNTING POLICIES****a. Basis of Preparation**

The accounts are prepared under the historical cost convention and in accordance with applicable standards and the Statement of Recommended Practice for Accounting by Charities.

b. Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost over its expected useful life, as follows:

Freehold buildings	2% straight line
Furniture and equipment	20% straight line
Computer equipment	25% straight line

c. Cash Flow Statement

The company has taken advantage of the exemption in financial reporting standard No.1 from producing a cash flow statement on the grounds that it is a small company.

d. Pension Schemes

The school contributes to the Teachers' Superannuation Scheme at rates set by the scheme actuary. The school also contributes to personal pension schemes for non-teaching staff.

e. Donations

Donations subject to specific wishes of the donors are treated as restricted funds. Donations received for the general purpose of the school are treated as unrestricted funds.

2. OTHER INCOME

	<u>2004</u> £	<u>2003</u> £
Registration Fees	8,720	9,080

3. EXPENDITURE

	<u>2004</u> £	<u>2003</u> £
Other expenditure includes:		
Auditor's Remuneration	7,381	5,347
Directors' Insurance	-	1,312
Life Assurance	10,125	4,670

A Company Limited by GuaranteeNOTES TO THE ACCOUNTS - continuedFOR THE YEAR ENDED 31ST AUGUST 2004**4. ANALYSIS OF RESOURCES EXPENDED**

	<u>Staff Costs £</u>	<u>Other £</u>	<u>Depreciation £</u>	<u>Total £</u>
Direct Charitable Expenditure:				
Teaching Costs	1,182,185	103,317	-	1,285,502
Housekeeping	30,470	137,096	-	167,566
Premises	55,961	236,852	70,771	363,584
Administration of the School	115,451	109,316	84,850	309,617
Restricted Funds	-	-	1,545	1,545
	<u>1,384,067</u>	<u>586,581</u>	<u>157,166</u>	<u>2,127,814</u>
Other Expenditure:				
Finance and Other Costs	-	76,721	-	76,721
Management and Administration of the Charity	51,978	-	-	51,978
	<u>1,436,045</u>	<u>663,302</u>	<u>157,166</u>	<u>2,256,513</u>

5. STAFF COSTS

	<u>2004 £</u>	<u>2003 £</u>
Social Security Costs	101,087	89,779
Wages and Salaries	1,205,822	1,140,247
Pension Costs	112,354	118,887
Other Staff Costs	16,782	13,775
	<u>1,436,045</u>	<u>1,362,688</u>

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

	<u>2004 No.</u>	<u>2003 No.</u>
Teaching and Administration	<u>54</u>	<u>47</u>

*A Company Limited by Guarantee***NOTES TO THE ACCOUNTS - continued****FOR THE YEAR ENDED 31ST AUGUST 2004****6. TANGIBLE FIXED ASSETS**

	<u>Computer Equipment</u>	<u>Equipment, Fixtures and Fittings</u>	<u>Freehold Property</u>	<u>Total</u>
	£	£	£	£
<u>Cost or Valuation</u>				
As at 1st September 2003	124,221	445,804	2,726,449	3,296,474
Additions	5,898	64,965	842,378	913,241
At 31st August 2004	130,119	510,769	3,568,827	4,209,715
<u>Depreciation</u>				
As at 1st September 2003	26,092	301,826	196,320	524,238
Charge for Year	31,662	54,650	70,854	157,166
At 31st August 2004	57,754	356,476	267,174	681,404
<u>Net Book Value</u>				
At 31st August 2004	<u>72,365</u>	<u>154,293</u>	<u>3,301,653</u>	<u>3,528,311</u>
At 31st August 2003	<u>98,129</u>	<u>143,978</u>	<u>2,530,129</u>	<u>2,772,236</u>

7. FUNDS

a) Restricted Funds	<u>Balance at 1-09-03</u>	<u>Incoming Resources</u>	<u>Depreciation</u>	<u>Balance at 31-8-04</u>
	£	£	£	£
Friends of Manor Lodge School:				
Football Pitch	3,380	-	83	3,297
Playground Benches	348	-	348	-
Playmats	348	-	247	101
Keyboards	162	-	107	55
Playground Benches	740	-	467	273
Digital Camera	93	-	59	34
Book Making Stapler	370	-	234	136
FOML Closing Balance	227	-	-	227
P Kirkland Donation	1,000	-	-	1,000
	<u>6,668</u>	<u>-</u>	<u>1,545</u>	<u>5,123</u>

"Restricted Funds" are subject to specific trusts which arise from a donor's wishes or from the terms of an appeal.

A Company Limited by GuaranteeNOTES TO THE ACCOUNTS - continuedFOR THE YEAR ENDED 31ST AUGUST 2004**7. FUNDS Continued**

- b) A further provision of £50,000 has been made for future Building Development Costs.

	<u>2004</u> £	<u>2003</u> £
c) Unrestricted Funds	1,730,190	1,603,464

The unrestricted funds are retained as necessary to cover working capital.

8. INVESTMENTS

	<u>2004</u> £	<u>2003</u> £
Bank - Deposit Account	117,379	134
Bank - Parents Deposit	189,058	190,789
	<u>306,437</u>	<u>190,923</u>

9. DEBTORS

	<u>2004</u> £	<u>2003</u> £
Amounts falling due within one year:		
Fees Receivable	11,966	2,178
Prepayments	28,082	24,422
Other Debtors	1,491	1,209
	<u>41,539</u>	<u>27,809</u>

10. CREDITORS

	<u>2004</u> £	<u>2003</u> £
Amounts falling due within one year:		
Social Security payable and other Taxation	30,282	30,799
Other Creditors and Accruals	290,904	283,219
Fees Paid in Advance	129,849	107,507
	<u>451,035</u>	<u>421,525</u>

A Company Limited by GuaranteeNOTES TO THE ACCOUNTS - continuedFOR THE YEAR ENDED 31ST AUGUST 2004**10. CREDITORS - continued**

	<u>2004</u> £	<u>2003</u> £
Amounts falling due after one year:		
Bank Loan	1,305,250	700,000
Deposits Held	<u>191,000</u>	<u>188,500</u>
	<u>1,496,250</u>	<u>888,500</u>

At the beginning of the financial year the School had banking facilities totalling £1,650,000 which had been obtained to assist with the funding of the construction cost of the new gym and classrooms and the purchase of the property and adjoining land at Shenley Lodge Cottage, plus associated professional fees. This facility will revolve and amounts may be repaid in minimum amounts of £50,000 against paid and receipted invoices.

In December 2004 £850,000 of the facility was converted into a variable interest rate mortgage, and this may be converted to a fixed rate mortgage at any time should this prove beneficial. The remaining £800,000 facility is due to be repaid in full in February 2008.

11. CHARITABLE STATUS

On 25th August 1995 the Company was registered as a Charity.

12. ALLOCATION OF THE CHARITY NET ASSETS

The net assets are held for the various funds as follows:

	<u>Fixed</u> <u>Assets</u>	<u>Net</u> <u>Current</u> <u>Assets</u> <u>(Liabilities)</u>	<u>Long Term</u> <u>Liabilities</u>	<u>Provision for</u> <u>Development</u> <u>Costs</u>	<u>Total</u>
	£	£	£	£	£
Restricted Funds:					
Friends of Manor Lodge School	3,896	1,227	-	-	5,123
Provision for Development costs	-	-	-	250,000	250,000
Unrestricted Funds:					
Retained Income	<u>3,524,415</u>	<u>(47,975)</u>	<u>(1,496,250)</u>	<u>(250,000)</u>	<u>1,730,190</u>
	<u>3,528,311</u>	<u>(46,748)</u>	<u>(1,496,250)</u>	<u>-</u>	<u>1,985,313</u>