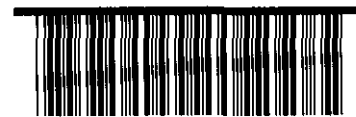


MANOR LODGE SCHOOL
A Company Limited by Guarantee
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2003



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J DANIELS
Chartered Accountants & Registered Auditors

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

Telephone: 020 8364 5126

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Email: j.daniels@btclick.com

J.A. Daniels F.C.A.

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MANOR LODGE SCHOOL

A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2003

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

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A Company Limited by Guarantee**DIRECTORS REPORT****FOR THE YEAR ENDED 31ST AUGUST 2003****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)	M J Higham *
J S Liddle # (Chairman) (Resigned 31.08.03)	J D Harris CBE #*
C A C Thacker *	E M Hatley #
Dom. S Darlington * (Resigned 31.08.03)	S Patel #
Mrs M N Hawkins *	Mrs S M Parnell *

** 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 the 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 2003**

OFFICERS

The Head	Mrs J M Smart
Deputy Head	Mr G Dunn
The Bursar and Company Secretary and Clerk to the Governors	G P Simms
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	Ottaway's 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	Heath Crawford & Foster Limited 23-27 Church Road Stanmore Middlesex, HA7 4AR

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 2003****REVIEW**

The academic year 2002-2003 saw the completion of the building works. Staff and children moved into the refurbished classrooms and multi-purpose hall at the beginning of the Summer Term and were delighted with their new accommodation. The new wing comprises fifteen classrooms for Reception, Year 1, Year 2, Year 3 and Year 6 plus a new French Room, a Science Room and a Hall. The Hall is being used for assemblies, drama, sport, dance and meetings. The old gym now has multi-use as a Dojo for ju-jitsu, a dance studio and a Drama room.

Children in Years 2 and 6 were successful in their examinations to other independent schools. Eight children were awarded scholarships to Senior schools, one of which was a 100% HSBC scholarship which includes all tuition fees, uniform, travel and trips. Numbers on roll continue to be healthy and we have a considerable waiting list.

The children continue to support many charities. A local school has benefited from the time and expertise of our computer technician and we have bought much needed equipment for them. We completed the Walk for Wildlife in October and raised the greatest amount of money by any school on that day. We welcomed representatives from the WWF to school to receive our certificates and shield and were pleased to hear that the school raises more than half of the money raised in South West Hertfordshire. Red Nose Day became Red Nose Week and again the children collected a huge amount of money through sponsored football and netball games and other activities. The other main charity helped was Cancerkin to which we donated all the cake sale money.

Our sports facilities were severely restricted for the first two terms of the year due to building work and subsequent refurbishment of playing fields. However we continued to play football and netball in the local leagues and were very successful considering the fact that none of our games could be played on home turf. However, following the completion of the new hall in the Summer Term the quality of gymnastics has improved considerably and we have been able to add basketball to the list of sports available to the children.

The school was inspected in May by a team from The Independent Schools Inspectorate. All areas of the school were judged to be good or very good and the Governors and staff were extremely pleased with the outcome. The few recommendations were easily remedied and the school is looking forward to a bright future.

FINANCIAL RESULTS

The School's operating surplus for the year is £84,858. The increase in fee income reflects the increase in the number of pupils attending the School. The School funds now reflect a continuing improvement of retained income to date. The accumulation of retained income is integral to our plans to further enhance the school. Our Development Plans involve significant future capital expenditure. 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 £1,603,464 but none of this is freely available because the fund is invested in fixed assets or is designed 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 2003

RISK MANAGEMENT

The Governors examine the major risks that the school faces each financial year when preparing and updating the annual plan. These are monitored to mitigate any impact that they may have on the school in the future.

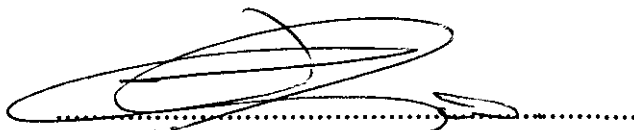
AUDITORS

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 31/3/04 and signed on its behalf by


.....
G P Simms Esq., Secretary

TO THE MEMBERS OF MANOR LODGE SCHOOL**FOR YEAR ENDED 31ST AUGUST 2003**

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

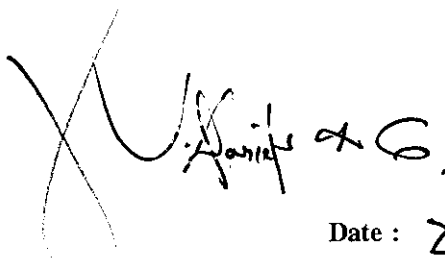
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements 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 2003 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 : 2 APRIL 2004

Registered Auditors

A Company Limited by GuaranteeSTATEMENT OF FINANCIAL ACTIVITIESFOR THE YEAR ENDED 31ST AUGUST 2003

	<u>Notes</u>	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> <u>2003</u> £	<u>2002</u> £
INCOMING RESOURCES					
Fees Receivable		2,027,652		2,027,652	1,931,947
Registrations	2	9,080	-	9,080	9,680
Miscellaneous Income		210,515	-	210,515	196,251
Bank Interest		25,701	-	25,701	22,109
Donations	1(e)	-	-	-	2,064
Total Incoming Resources		2,272,948	-	2,272,948	2,162,051
RESOURCES EXPENDED					
Direct Charitable Expenditure					
Teaching Costs		1,239,801	-	1,239,801	1,249,750
Housekeeping		166,292	-	166,292	147,455
Premises		402,747	-	402,747	367,591
Administration of the School		304,398	-	304,398	195,786
Restricted Funds - Depreciation		-	1,873	1,873	4,495
		2,113,238	1,873	2,115,111	1,965,077
Other Expenditure					
Finance and Other Costs		23,591	-	23,591	7,917
Management and Administration of the Charity		49,388		49,388	30,079
Total Resources Expended		2,186,217	1,873	2,188,090	2,003,073
NET INCOMING RESOURCES		86,731	(1,873)	84,858	158,978
Balances brought forward		1,516,733	8,541	1,525,274	1,366,296
BALANCES CARRIED FORWARD		<u>1,603,464</u>	<u>6,668</u>	<u>1,610,132</u>	<u>1,525,274</u>

The attached notes form part of these Accounts.

A Company Limited by GuaranteeBALANCE SHEETAS AT 31ST AUGUST 2003

	<u>Notes</u>	<u>£</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
TANGIBLE FIXED ASSETS	6		2,772,236	1,375,103
CURRENT ASSETS				
Debtors	9	27,809		10,673
Investments	8	190,923		643,012
Cash at Bank and in hand		129,189		154,672
		<u>347,921</u>		<u>808,357</u>
CURRENT LIABILITIES				
Creditors : Amounts due within one year	10	421,525		366,686
		<u></u>		<u></u>
NET CURRENT ASSETS			(73,604)	441,671
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,698,632</u>	<u>1,816,774</u>
CREDITORS : Amounts due after more than one year	10		888,500	191,500
			<u></u>	<u></u>
TOTAL NET ASSETS			<u>1,810,132</u>	<u>1,625,274</u>
RESTRICTED FUNDS				
Friends of Manor Lodge	7(a)		6,668	8,541
Provision for Development Costs	7(b)		200,000	100,000
UNRESTRICTED FUNDS				
Retained Income	7(c)		1,603,464	1,516,733
			<u></u>	<u></u>
TOTAL FUNDS	12		<u>1,810,132</u>	<u>1,625,274</u>

Approved by the Board on 31/3/04 and signed on its behalf by:

.....
A J Phipps
Chairman

The attached notes form part of these Accounts.

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED 31ST AUGUST 2003****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

2003	2002
£	£

Registration Fees	9,080	9,680
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3. EXPENDITURE

2003	2002
£	£

Other expenditure includes:

Auditors Remuneration	5,347	3,819
Directors Insurance	1,312	1,313
Life Assurance	4,670	4,238

*A Company Limited by Guarantee***NOTES TO THE ACCOUNTS - continued****FOR THE YEAR ENDED 31ST AUGUST 2003****4. ANALYSIS OF RESOURCES EXPENDED**

	<u>Staff Costs</u> £	<u>Other</u> £	<u>Depreciation</u> £	<u>Total</u> £
Direct Charitable Expenditure:				
Teaching Costs	1,142,568	97,233	-	1,239,801
Housekeeping	21,270	145,022	-	166,292
Premises	39,044	320,582	43,121	402,747
Administration of the School	110,418	125,990	67,990	304,398
Restricted Funds	-	-	1,873	1,873
	<hr/> 1,313,300	<hr/> 688,827	<hr/> 112,984	<hr/> 2,115,111
Other Expenditure:				
Finance and Other Costs	-	23,591	-	23,591
Management and Administration of the Charity	49,388	-	-	49,388
	<hr/> 1,362,688	<hr/> 712,418	<hr/> 112,984	<hr/> 2,188,090
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. STAFF COSTS

	<u>2003</u> £	<u>2002</u> £
Social Security Costs	89,779	78,612
Wages and Salaries	1,140,247	1,064,803
Pension Costs	118,887	157,900
Other Staff Costs	13,775	10,031
	<hr/> 1,362,688	<hr/> 1,311,346
	<hr/> <hr/>	<hr/> <hr/>

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

	<u>2003</u> <u>No.</u>	<u>2002</u> <u>No.</u>
Teaching and Administration	<u>47</u>	<u>44</u>

A Company Limited by GuaranteeNOTES TO THE ACCOUNTS - continuedFOR THE YEAR ENDED 31ST AUGUST 2003**6. TANGIBLE FIXED ASSETS**

	<u>Computer Equipment</u>	<u>Equipment, Fixtures and Fittings</u>	<u>Freehold Property</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost or Valuation</u>				
As at 1st September 2002	65,857	345,147	1,375,353	1,786,357
Additions	58,364	100,657	1,351,096	1,510,117
At 31st August 2003	124,221	445,804	2,726,449	3,296,474
<u>Depreciation</u>				
As at 1st September 2002	3,079	255,059	153,116	411,254
Charge for Year	23,013	46,767	43,204	112,984
At 31st August 2003	26,092	301,826	196,320	524,238
<u>Net Book Value</u>				
At 31st August 2003	<u>98,129</u>	<u>143,978</u>	<u>2,530,129</u>	<u>2,772,236</u>
At 31st August 2002	<u>62,778</u>	<u>90,088</u>	<u>1,222,237</u>	<u>1,375,103</u>

7. FUNDS

a) Restricted Funds	<u>Balance at 1-9-02</u>	<u>Incoming Resources</u>	<u>Depreciation</u>	<u>Balance at 31-8-03</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Friends of Manor Lodge School:				
Football Pitch	3,463	-	83	3,380
Yamaha Piano	34	-	34	-
Computer	20	-	20	-
Computer	33	-	33	-
Printer	15	-	15	-
Shed	80	-	80	-
Sewing Machine	113	-	113	-
Playground Benches	729	-	381	348
Playmats	595	-	247	348
Keyboards	269	-	107	162
Playground Benches	1,207	-	467	740
Digital Camera	152	-	59	93
Book Making Stapler	604	-	234	370
FOML Closing Balance	227	-	-	227
P Kirkland Donation	1,000	-	-	1,000
	<u>8,541</u>	<u>=</u>	<u>1,873</u>	<u>6,668</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 Guarantee***NOTES TO THE ACCOUNTS - continued****FOR THE YEAR ENDED 31ST AUGUST 2003****7. FUNDS Continued**

- b) A further provision of £100,000 has been made for future Building Development Costs.

	<u>2003</u> £	<u>2002</u> £
c) Unrestricted Funds	<u>1,603,464</u>	<u>1,516,733</u>

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

8. INVESTMENTS

	<u>2003</u> £	<u>2002</u> £
Bank - Deposit Account	134	451,512
Bank - Parents Deposit	190,789	191,500
	<u>190,923</u>	<u>643,012</u>

9. DEBTORS

	<u>2003</u> £	<u>2002</u> £
Amounts falling due within one year:		
Fees Receivable	2,178	161
Prepayments	24,422	10,512
Other Debtors	1,209	-
	<u>27,809</u>	<u>10,673</u>

10. CREDITORS

	<u>2003</u> £	<u>2002</u> £
Amounts falling due within one year:		
Social Security payable and other Taxation	30,799	23,995
Other Creditors and Accruals	283,219	281,740
Fees Paid in Advance	107,507	60,951
	<u>421,525</u>	<u>366,686</u>

*A Company Limited by Guarantee***NOTES TO THE ACCOUNTS - continued****FOR THE YEAR ENDED 31ST AUGUST 2003****10. CREDITORS - continued**

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Amounts falling due after one year:		
Bank Loan	700,000	-
Deposits Held	<u>188,500</u>	<u>191,500</u>
	<u>888,500</u>	<u>191,500</u>

A banking facility of £800,000 was accepted from Allied Irish Bank in February 2003 and subsequently extended to £1,650,000 in July 2003 to assist with 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 repaid may be redrawn in minimum amounts of £50,000 against paid and receipted invoices. £800,000 of the facility is to be repaid in full by February 2008.

£850,000 of the facility is to be repaid in full by 18th July 2004. It is planned that a term facility will be arranged to refinance this element of the Revolving Credit facility.

The facility is secured by charges over the School and Shenley Lodge Cottage.

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>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Restricted Funds:					
Friends of Manor Lodge School	5,441	1,227	-	-	6,668
Provision for Development costs	-	-	-	200,000	200,000
Unrestricted Funds:					
Retained Income	<u>2,766,795</u>	<u>(774,831)</u>	<u>(188,500)</u>	<u>(200,000)</u>	<u>1,603,464</u>
	<u>2,772,236</u>	<u>(773,604)</u>	<u>(188,500)</u>	<u>-</u>	<u>1,810,132</u>