

**CHAIGELEY EDUCATIONAL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

Registered Charity No: 1060403
Company Registration No: 3301881

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2002**



CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

CONTENTS

	Page
Legal and administrative information	2 - 4
Report of the Trustees	5 - 7
Independent Auditors Report to the Members of Chaigeley Educational Foundation	8
Statement of Financial Activities	9
Balance Sheet	10
Notes to the Accounts	11 - 18

LEGAL AND ADMINISTRATIVE INFORMATION

SERVING TRUSTEE GOVERNORS

John Heritage BA (Hons), MA (Chairman)

Eric Silk, M.Ed., MSc Ed.Psy., GTCL, LTCL, C.Psycol (Vice-Chair)

Kay Owen, Cert.Ed., BA(Hons), MA

Michelle Donnelly, BA, MBA

Christopher Haines

Michael Hennessey

George Hill

Philip Kanas FCA (Appointed 19th March 2002)

Judith Lukey BSc., Cert.Ed., JP

John Monaghan

Professor Frank O'Gorman BA(Hons), Ph.D

Ian Petrie, M.Ed, Dip.Primary Ed.

Eileen Waddell

Sandra Woodthorpe BA, Cert.Ed

CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION
(Continued)

Constitution

Chaigeley Educational Foundation is a registered charity no. 1060403 and a Company Limited by Guarantee No. 3301881. The school is registered with the Department for Education and Skills no.S.S. 877/7100

Registered Office

The registered office is at Chaigeley School, Lymm Road, Thelwall, Warrington, Cheshire WA4 2TD

Directors and Trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. As set out in the Articles of Association the Lancashire and Cheshire General Meeting of the Society of Friends nominate two trustees. Trustees can be nominated during the year but must resign and be re-elected at the next AGM.

The trustees serving during the year and since the year end were as follows:

Nominated by Lancashire and Cheshire General Meeting of the Society of Friends

Eric Silk, M.Ed., MscEd.Psy., GTCL, LTCL, C.Psycol (Vice Chair)
Micheal Hennessey

Elected Trustees

John Heritage BA (Hons), MA (Chairman)

Michelle Donnelly, BA, MBA

Christopher Haines (appointed 18th September 2001)

George Hill (appointed 18th September 2001)

Philip Kanas FCA (appointed 19th March 2002)

Judith Lukey BA (Hons) Cert.Ed.,JP (appointed 18th September 2001)

John Monaghan (appointed 18th September 2001)

Professor Frank O'Gorman BA (Hons), Ph.D (appointed 18th September 2001)

Kay Owen, Cert.ED., BA(Hons), MA

Ian Petrie, M.Ed, Dip. Primary Ed.

Eileen Waddell

Sandra Woodthorpe BA., Cert.Ed. (appointed 18th September 2001)

Retired Trustees

Roy English BA., FCA. (retired 14 November 2001)

Joyce Gill (retired 14 November 2001)

Patricia M Gillett, BA., AIMS W (retired 14 November 2001)

Paul Harrison (retired 14 November 2001)

Secretary

Ann Dunn, Assoc. CIPD

The trustees have not exercised their right to invite referring local education authorities to nominate up to two trustees.

CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION
(Continued)

The following trustees will retire by rotation and offer themselves for re-election at the Annual General Meeting:

Michelle Donnelly, BA, MBA
Christopher Haines
Kay Owen, Cert.ED., BA (Hons), MA
Ian Petrie, M.Ed, Dip. Primary Ed.

The following trustee appointed by the Trustees since the last AGM retires in accordance with Article 27 and being eligible offers himself for re-appointment:

Philip Kanas FCA

Principal

Drew Crawshaw MA B.Ed.

Governors of the Chaigeley School

The school governors comprise of the Trustees and the following members:

Drew Crawshaw MA B.Ed.
Heather Hall (Staff Governor) (Term of office ended July 2002)
Jan Barlow (Teacher Governor)
Jane Smith BA (Hons) MCIPD (resigned 18th September 9, 2002)
Lilian Oakes (Staff Governor) (term of office commenced August 2002)

Ann Dunn acts as Chair to the Governors.

Bankers

The Co-operative Bank
1 Balloon Street
Manchester
M60 4EP

Auditors

Booth Ainsworth Chartered Accountants
Ashfield House
Cheadle
Cheshire
SK8 1BE

Solicitors

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

REPORT OF THE TRUSTEES

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2002.

Legal and administrative information set out on pages 2 to 4 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by charities.

Objects of the Charity

The principal object of the charity is to advance the education of children with learning difficulties and in need of special education. The charity maintains Chaigeley School, a special school approved by the Department for Education and Skills for boys aged eight to sixteen with social, emotional and behavioural difficulties. This continues to be the principle activity.

The Foundation was incorporated on 14 January 1997 as a company limited by guarantee to maintain Chaigeley School, which since 1946 had been carried on as an unincorporated charity.

Organisation

During the year the governance of the charity was consolidated. The Governors of the school and Charity Trustees were combined into one Governing Body at the last Annual General Meeting in November 2001. The Governing Body of at least 8 and up to 19 members, who meet termly, governs the charity and school. There are sub-committees covering Finance, Curriculum, Social Development and Entitlement, Health and Safety, Personnel and a group dealing with Buildings development project. The Governing Body is made up of individuals with a wide range of academic and commercial expertise that provides support for the Principle and Senior Management Team.

The Governing Body has worked successfully since the Annual General Meeting, leading to more efficient and effective management of the charity. As the relatively new structure develops, further benefits are anticipated. This year a comprehensive business plan has been developed which provides a clear framework for development.

A Principal is appointed by the Governing Body to manage the day-to-day operation of the charity and school. Drew Crawshaw was appointed to this post in September 2001. The Principal is annually set rigorous academic and business targets that contribute to the effective development of the organisation as a whole.

Financial information and future developments

The end of the year saw an excellent financial result with net incoming resources, before transfers and revaluation gains, of unrestricted funds of £72,783.

Costs were contained within budget and continued strong demand for places at the school lead to the fee income budget being met. During the year grant income from the Department of Education and Skills has helped us to develop the school. This included the development of a design and technology room, expansion of information technology into the classrooms and health and safety work in the kitchen. Grants were also used for developments in educational resources and programmes to raise standards in education.

Investment income has fallen from the previous year as a result of the fall in interest rates. In contrast rental income from residential properties let to staff on site has increased.

REPORT OF THE TRUSTEES
(Continued)

The Educational Foundation continues to provide education for around sixty pupils, mostly from the Northwest. The number of pupils entered for external accredited examinations has increased and results continue to improve. During the year Ofsted inspectors returned to the school and in the latest inspection the inspector noted significant progress against the action plan.

The school has building plans to develop the school and these have been submitted for planning permission. The plans will enable us to provide an environment more suited to the pupils with additional facilities including a sports hall and design & technology rooms. The new buildings will widen the curriculum on offer and enhance the learning environment to give both educational and social benefits to the pupils in excess of our statutory responsibilities.

The new building will also allow further development of the programmes for assessment of pupils and a Key Stage 4 unit for disaffected pupils. These programmes will enhance the service we provide and further our charitable objectives.

The land and buildings held in the permanent endowment were revalued in 2002 in line with FRS 15, with the last revaluation being in 1997. The property was valued at £950,000 on an "open market basis" on the assumption that the property was to be sold as a single lot.

Investment Powers

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit. Currently with plans for investment in new buildings, we hold our reserves in short term, interest bearing accounts. This provides low risk investment allowing flexibility for working capital purposes whilst obtaining a reasonable return.

Reserves policy

In arriving at the reserves policy the charity considered the risks inherent in running the business and the management action available to mitigate these risks. Equally an historic review of the operations was also carried out and the trustees concluded that free reserves set at 4% of annual revenue represented a realistic and prudent level. This policy will be subject to annual review and will be monitored closely as and when building work commences.

The trustees have designated surplus unrestricted reserves for the building project, as detailed in Note 16 of the accounts.

Cashflow Statement

The trustees rely on the provisions of the Companies Act 1985 thresholds for small companies not to prepare a cashflow statement.

REPORT OF THE TRUSTEES
(Continued)

Trustees Responsibilities in relation to the financial statements

The purpose of this statement is to distinguish the Trustees responsibilities for the accounts from those of the auditors as stated in their report.

The Charities Act 1993 and the Companies Act requires the Trustees to keep proper books of accounts with respect to the affairs of the charity, and to prepare accounts for each accounting period. The Trustees are also responsible for safeguarding the charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

In preparing the accounts the trustees are required to:

- Select suitable accounting policies and apply them consistently, making judgements and estimates that are reasonable and prudent
- Follow the recommendation of the Charity Commissioners and of the accounting profession with regard to form and content of the accounts, or to discuss and explain any departure therefrom
- Prepare accounts on the going concern basis unless it is inappropriate to assume that the charity will be able to continue to meet its objectives.

By order of the trustees

J Heritage (Chairman)

Date

9th
October 2002

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF
CHAIGELEY EDUCATIONAL FOUNDATION

We have audited the accounts on pages 9 to 18 which have been prepared under the accounting policies set out on page 11.

Respective responsibilities of trustees and auditors

The trustees are responsible for the preparation of the charity's accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

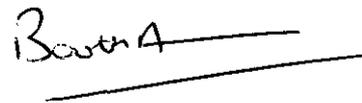
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity'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 accounts are free from material misstatement, whether caused by fraud or other irregularities or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the accounts.

Unqualified opinion

In our opinion the accounts give a true and fair view of the state of the affairs of the Chaigeley Educational Foundation as at 31 March 2002 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



BOOTH AINSWORTH
Chartered Accountants
Registered Auditors
Ashfield House
Ashfield Road
Cheadle
Cheshire SK8 1BE

Date: 8/10/02

CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2002

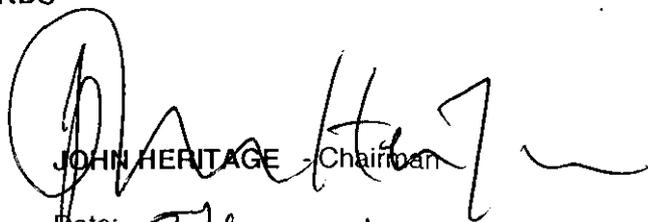
	Notes	Unrestricted Funds £	Endowment Funds £	2002 Total £	2001 Total £
Incoming Resources					
Activities in furtherance of the charity's objects:					
Grants and fees for care and education of children	2	1,439,035		1,439,035	1,303,138
Grant for educational course and research	3	-		-	26,000
Investment and rental income	4	16,231		16,231	17,898
Donations		440		440	325
Other income		5,408		5,408	2,466
Net incoming resources available for charitable application		1,461,114	-	1,461,114	1,349,827
Charitable Expenditure					
Costs of activities in furtherance of charitable objectives					
Teaching and care of Children	5	1,012,890		1,012,890	892,970
Running cost and maintenance of school	6	243,462	11,018	254,480	234,811
Educational course and research costs	7	666		666	29,700
Support costs	8	119,503		119,503	150,115
Management and Administration of charity	9	11,810		11,810	25,898
Total Resources Expended		1,388,331	11,018	1,399,349	1,333,494
Net incoming/(outgoing) resources before transfers		72,783	(11,018)	61,765	16,333
Gross transfers between funds					
Transfers in respect of fixed asset additions	10	(160,136)	160,136	-	-
Net incoming/(outgoing) resources before revaluations		(87,353)	149,118	61,765	16,333
Gain on revaluation of Land and Buildings	16	-	175,882	175,882	-
Net movement in funds for the year		(87,353)	325,000	237,647	16,333
Total funds at 1 April 2001	16	345,651	625,000	970,651	954,318
Total funds at 31 March 2002	16	258,298	950,000	1,208,298	970,651
All activities relate to continuing operations					

CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

BALANCE SHEET

As at 31 March

	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	12		1,033,003		842,528
CURRENT ASSETS					
Debtors and prepayments	13	44,228		52,619	
Cash at Building Society		70,449		67,766	
Cash at Bank		181,886		206,548	
Cash in hand		2,223		2,012	
		<u>298,786</u>		<u>328,945</u>	
CREDITORS: Amounts falling due within one year	14	<u>(119,942)</u>		<u>(93,455)</u>	
NET CURRENT ASSETS			<u>178,844</u>		<u>235,490</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,211,847</u>		<u>1,078,018</u>
CREDITORS: Amounts falling due after more than one year					
Bank loan	15		<u>(3,549)</u>		<u>(107,367)</u>
NET ASSETS			<u><u>£1,208,298</u></u>		<u><u>£970,651</u></u>
FUNDS					
RESTRICTED FUNDS					
PERMANENT ENDOWMENT:					
CHAIGELEY SCHOOL TRUST	16		950,000		625,000
UNRESTRICTED FUNDS					
GENERAL FUND	16		142,368		345,651
DESIGNATED FUND	16		115,930		-
TOTAL FUNDS			<u><u>£1,208,298</u></u>		<u><u>£970,651</u></u>


JOHN HERITAGE - Chairman
 Date: 8th October 2002

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002

1. Accounting Policies

a) Basis of accounting

The final statements have been prepared under the historical convention as modified by the revaluation of land and buildings. The accounts are prepared on an accruals basis.

They have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985.

b) Grants receivable and local authority fees

Grants receivable and local authority fees are credited to the Statement of Financial Activities (SOFA) in the year for which they are received. Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

c) Investment and rental income

Income from investments and rental income are included in the SOFA on a receivable basis.

d) Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the SOFA. The trust is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

e) Tangible Fixed Assets

All assets costing more than £500 are capitalised at cost and depreciated with the exception of freehold land. Buildings are revalued every five years and stated at the revalued amount. Depreciation is provided to write off the assets over their anticipated useful lives. Using the following methods and rates:

Fixtures, fittings and equipment	3 to 10 years straight line
Vehicles	4 years straight line
Buildings	50 years straight line

f) Pensions

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, final salary scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local education authorities and also to teachers in many independent and voluntary-aided schools and establishments of further and higher education. Teachers are able to opt out of the TPS.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

f) Pensions (cont)

The Teachers' Pension Account

Although teachers are employed by LEAs and various other bodies, their retirement and other superannuation benefits, including annual increases payable under the Pensions (Increase) Acts, are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the TPS, which is an unfunded scheme, teachers' contributions, on a 'pay-as-you-go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The teachers' pension regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions increases). Any excess of income over expenditure is deemed to be invested. Notional interest, derived from the average return of very large pension funds, on the deemed investment is added to the Account; the resultant balance is known as the 'notional fund'.

Valuation Of The Teachers' Pension Scheme

Not less than every five years, the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

Contributions are assessed in two parts. First, a normal contribution is determined. This is the contribution, expressed as a percentage of the salary of a teacher newly entering service, which would defray the cost of benefits payable in respect of that service. Currently, teachers pay 6% of salary whilst their employers pay the balance of the normal contribution. Secondly, a supplementary contribution is payable by employers if, as a result of the actuarial investigation, it is found that the accumulated liabilities of the account for benefits to past and present teachers are not fully covered by normal contributions to be paid in future and by the fund built up from past contributions. The current rate of the employer's contribution is 8.35% of the teacher's salary.

The last valuation of the TPS was for the period 1 April 1991-31 March 1996. The GA's report of June 1999 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £65,670 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £61,710 millions. The GA concluded, in his supplementary report of March 2000 specifying an alternative pattern of employers' supplementary contributions, that the deficiency of £3,960 millions could be eliminated by supplementary contributions of 0.4% of pay from 1 April 2000 to 31 March 2002, and of 1.35% from 1 April 2002 to 31 March 2040. The financial assumptions in the GA report were that prices would increase by 5% and salaries by 6.5%, and the rate of return on investments would be 8.5%.

Non-teaching staff pension scheme

The charity has arranged a defined contribution pension scheme for those members of staff who are not eligible to join the Teachers' Pension Scheme. The assets of this scheme are held separately from those of the charity. Pension costs charged in the SOFA represent the contributions payable by the charity in the year.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

g) Fund accounting

The nature and purpose of each fund is explained in Note 16.

h) Contingent Liabilities

Civil claims have been commenced against the school by former pupils. No provision is considered necessary in respect of these claims.

	2002	2001
2. Activities in furtherance of the charity's objectives		
<i>Fees and charges to local authorities</i>	1,386,279	1,288,138
Grants from the Department of Education and Skills	52,756	15,000
	<u>1,439,035</u>	<u>1,303,138</u>
3. Grant for educational course and research		
Grant funded from Department of Education and Skills for Action Research Project running staff development courses.	-	26,000
	<u>-</u>	<u>26,000</u>
4. Investment and rental income		
Interest on cash deposits	10,543	16,598
Rental income on properties	5,689	1,300
	<u>16,231</u>	<u>17,898</u>
5. Teaching and care of children		
<i>Staff costs</i>	879,952	766,510
Books, stationery and equipment	83,242	69,704
Food	31,367	30,723
Clothing and laundry	5,882	5,219
Leisure, sport and outdoor activities	12,447	20,814
	<u>1,012,890</u>	<u>892,970</u>

CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

	2002	2001
6. Running costs and maintenance of school		
<i>Premises maintenance and domestic staff</i>	68,536	62,367
Upkeep, maintenance and repairs of building	45,406	36,568
Equipment maintenance, repairs and replacement	10,496	9,660
Fuel, light, water and cleaning	43,521	47,173
Transport	24,970	29,374
Insurance	23,236	8,414
Depreciation – fixtures, fittings and equipment	27,297	30,463
	<hr/>	<hr/>
	243,462	224,019
	<hr/>	<hr/>
Depreciation – building	11,018	10,792
	<hr/>	<hr/>
	254,480	234,811
	<hr/>	<hr/>
7. Educational course and research costs		
Direct costs expended on Action Research project running staff development courses	666	29,700
	<hr/>	<hr/>
8. Support costs		
Staff costs	104,373	130,046
Printing, stationery, telephone and postage	13,867	15,419
Motor expenses	1,263	4,650
	<hr/>	<hr/>
	119,503	150,115
	<hr/>	<hr/>
9. Central management and administration		
Audit fees	3,012	3,629
Legal fees	1,851	10,036
Bank charges	621	345
Other professional costs	1,020	1,346
Bank loan interest	4,984	10,025
Trustee expenses and meeting costs	190	517
Publicity and fundraising	132	-
	<hr/>	<hr/>
	11,810	25,898
	<hr/>	<hr/>
10. Transfer in respect of fixed asset additions		

Since the last property revaluation in 1997, fixed asset additions to the building have not been added to the value of the permanent endowment and depreciation of buildings has not been debited to the value. Consequently, to comply with SORP 2000, a transfer of £160,136 has been made to move fixed asset additions less depreciation from the unrestricted fund to the permanent endowment.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

11. Staff numbers and costs

The combined staff costs allocated to separate categories of the Statement of Financial Activities are as follows:

	2002	2001
Wages and salaries	848,271	823,036
Social security costs	67,263	66,291
Pension costs	41,373	35,800
Other costs	82,898	32,362
	<u>1,041,807</u>	<u>959,490</u>

The average number of employees calculated as full time equivalents during the period was:

	2002	2001
Teachers	15	15
Care and teaching support staff	24	21
Domestic and maintenance	5	5
Administration staff	5	4
	<u>49</u>	<u>45</u>

No employee earned more than £50,000 per annum (2000 – nil).

Trustees are not remunerated. One trustee received reimbursement of expenses of £83 for costs directly incurred in assisting the Charity.

CHAIGELEY EDUCATIONAL FOUNDATION
(A company limited by Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

12. Tangible Fixed Assets

	Land*	Buildings*	Fixtures Fittings & Equipment	Vehicles	TOTAL
COST OR VALUATION					
At 1 April 2001	250,000	539,585	288,954	-	1,078,539
Additions	-	16,630	8,693	30,793	56,116
Revaluation	-	175,882	-	-	175,882
At 31 March 2002	<u>250,000</u>	<u>732,097</u>	<u>297,647</u>	<u>30,793</u>	<u>1,310,537</u>
DEPRECIATION					
At 1 April 2001	-	21,079	214,932	-	236,011
Charge for year	-	11,018	27,297	3,208	41,523
At 31 March 2002	<u>-</u>	<u>32,097</u>	<u>242,229</u>	<u>3,208</u>	<u>277,534</u>
NET BOOK VALUE					
At 31 March 2002	<u>250,000</u>	<u>700,000</u>	<u>55,418</u>	<u>27,585</u>	<u>1,033,003</u>
At 1 April 2001	<u>250,000</u>	<u>518,506</u>	<u>74,022</u>	<u>-</u>	<u>842,528</u>

* Held for the subsidiary Chaigeley School Trust as permanent endowment to further the Foundation's objects. Incorporates 2002 valuation, by Stevens Scanlon, of land and buildings on open market value at £950,000. The last valuation of the land and buildings was carried out in 1997 (£625,000).

	2002	2001
13. Debtors and prepayments		
Trade debtors	38,303	37,454
Other debtors and prepayments	5,927	15,165
	<u>44,230</u>	<u>52,619</u>
14. Creditors: Falling due within one year		
Bank loan	20,188	13,152
Trade creditors	16,962	36,428
Other creditors	-	752
Accruals	56,318	43,123
Other taxes and social security costs	26,474	-
	<u>119,942</u>	<u>93,455</u>

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

15. Bank Loan

The loan is secured by a charge on the freehold land and buildings (which are permanent endowments) and a floating charge on other assets. It has been spent on refurbishment and additions to land and buildings of Chaigeley School. The loan is repayable over ten years from May 1998 by equal monthly instalments of capital and interest on demand. However, during the year a substantial amount of the capital was paid down using cash reserves. Instalments of capital and interest have continued and the loan will now be repaid by 2004.

16. Funds	Unrestricted Funds	Endowment Funds	Total
Balance at 1 April 2001	345,651	625,000	970,651
Net incoming / (outgoing) resources before transfers	72,783	(11,018)	61,765
Transfer in respect of fixed asset additions	(160,136)	160,136	-
Revaluation of land and buildings	-	175,882	175,882
Balance at 31 March 2002	<u>258,298</u>	<u>950,000</u>	<u>1,208,298</u>
Represented by:	Unrestricted Funds	Endowment Funds	Total
Tangible fixed assets	83,003	950,000	1,033,003
Cash at bank and in hand	254,558	-	254,558
Other net current liabilities	(75,714)	-	(75,714)
Long term liabilities	(3,549)	-	(3,549)
	<u>258,298</u>	<u>950,000</u>	<u>1,208,298</u>

The Unrestricted Funds represent those funds which the Trustees are free to use in accordance with the charitable objects. In view of the proposed building development the Trustees have decided to create a designated fund to reflect the free reserves held in excess of that required by the reserves policy.

The Designated Fund represents funds set aside by the Trustees out of unrestricted funds for use in the future building development planned at the school.

Unrestricted Funds	General	Designated Fund
Balance at 1 April 2001	258,298	-
Transfer to designated reserves	(115,930)	115,930
Balance at 31 March 2002	<u>142,368</u>	<u>115,930</u>

The Endowment Fund represents those assets which must be held permanently for the Charity. This comprises the land and buildings of Chaigeley School, used exclusively to further the objects of the Charity.

NOTES TO THE ACCOUNTS

For the year ended 31 March 2002
(Continued)

17. Related Party Transactions

The charity has no transactions with related parties other than those disclosed in note 11 above relating to trustees.