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**THE PRINCETHORPE
FOUNDATION (FORMERLY
WARWICKSHIRE CATHOLIC
INDEPENDENT SCHOOLS
FOUNDATION)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31
AUGUST 2011**

Charity no 1087124
Company no 4177718

THE PRINCETHORPE FOUNDATION

FINANCIAL STATEMENTS

For the year ended 31 August 2011

Company registration number	4177718
Charity registered number	1087124
Registered office	Princethorpe College Princethorpe Rugby CV23 9PX
The Head Teachers	Mr E D Hester - Princethorpe College Mr R Dugan - Crackley Hall School
Foundation Bursar	Mr E J K Tolcher
Bankers	HSBC Bank Plc PO Box 24 55 Corporation Street Coventry CV1 1QJ
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ

THE PRINCETHORPE FOUNDATION

FINANCIAL STATEMENTS

For the year ended 31 August 2011

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THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

CONSTITUTION

The Princethorpe Foundation is a company limited by guarantee, registered number 4177718. It is a registered charity, number 1087124.

The governing instruments under which the charitable company operates comprise the memorandum and articles of association of the company and the instrument of government.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Directors of the charitable company ('the Foundation') are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees are also members of the company for the purpose of company law.

The Trustees who are currently appointed are as follows:

Trustees

Mrs M O'Farrell (Chair)	
Prof B Ray	
Mrs S M Berti	(resigned 8 August 2011)
Sister M J Bogie	
Mr A Q D Cornforth	
Rev P J Courtney	(resigned 16 March 2011)
Mr D G Jackson	
Mr C J Russell	
Rev C R Tranter	
Rev A R Whelan	
Mr P J Rush	(appointed 1 September 2010)
Mrs S Kershaw	(appointed 1 September 2010)
Mr N J P Cahill	(appointed 28 March 2011)
Mrs T M McNamara	(appointed 28 March 2011)

Prof B Ray, Sister M J Bogie and Rev A R Whelan retire by rotation and, being eligible, offer themselves for reappointment.

Following a detailed review of the governance of the Foundation in August 2011 the Articles of Association were amended. The Trustees will continue to review the ongoing governance of the Foundation through the Governance sub-committee.

Day to day management of the Foundation is delegated by the Trustees to the following executives:

Mr E D Hester (Senior Head of the Foundation)
Mr P J Ryan (Head of Junior School to 31 August 2011)
Mr R Dwigan (Head of the Junior School from 1 September 2011)
Mr E J K Tolcher (Foundation Bursar and Company Secretary)

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

Selection and induction of trustees

Trustees are selected with a view to maintaining on the governing body a balance of skills in a range of disciplines including education, finance, law, religious and pastoral issues and general business acumen. Individual qualities such as motivation and availability are also important for what is an unpaid and time-consuming commitment. Suitable candidates are identified by personal recommendations from members of staff, existing parents and trustees.

New trustees receive a comprehensive information pack detailing the role of a trustee, the Foundation and its structure, objectives and strategy. Statutory obligations are also explained and copies of relevant Charity Commission guidance are issued. In addition, each new trustee is briefed by the Heads and the Foundation Bursar and, subject to availability, offered places on bespoke training sessions organised by national bodies such as AGBIS (Association of Governing Bodies in Independent Schools).

Management structure

The Foundation consists of two schools: Princethorpe College, which is a co-educational senior school for pupils aged 11 to 18, and Crackley Hall School, which is a co-educational junior school for pupils aged 4 to 11. The junior school incorporates Little Crackers Nursery for pupils aged 2 to 4. The Trustees meet as a full board each term and undertake the management of the Foundation through a structure of sub-committees. A finance committee meets at least termly and monitors all aspects of the Foundation's finances including capital expenditure, making annual budgetary recommendations to the governing body and considering applications for bursaries. Other committees meet regularly to oversee such activities as education, staffing, marketing and communications, premises, health and safety and governance.

Day to day management of the Foundation is delegated to the Heads and Foundation Bursar who report to the Trustees and to the various sub-committees relevant to their individual responsibilities. There is a regular meeting of the Foundation's senior executives which comprise the Heads, the Foundation Bursar, the two Deputy Heads and the Assistant Head (Marketing and Operations).

Risk Management

The Trustees are responsible for the management of risk to which the charity is exposed. The major risks to the Foundation as identified by the Trustees have been reviewed and systems or procedures have been established to manage those risks. An annual re-assessment of risks is conducted as part of the strategy and business review process.

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The Foundation's objectives are to establish, conduct and carry on an independent school, college and nursery or any one or more thereof, for the education of boys, girls and young adults of all or no religious denominations and of such ages as the Trustees may from time to time determine, and to do all things as are or may be incidental or conducive to the attainment of the above objects.

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

Aims

The Foundation aims to provide a caring Christian environment to children with a broad range of ability wherein their needs can be met and their talents developed. The Foundation pursues these objectives by creating a healthy balance between freedom and structure with an emphasis on self-discipline through responsibility and trust, supported by a high level of pastoral care.

Current Year's Objectives

The main objectives for the year were

- to continue to improve on the high levels of academic achievement, especially when assessed in terms of value-added,
- as a whole community, to follow faithfully the ethos of the school, creating an environment where each child will flourish,
- to continue to enhance the wide range of extra-curricular activities that are so enjoyed by the pupils,
- to continue the programme of refurbishment and expansion of facilities

Current Year's Strategies To Achieve Aims

Strategies employed to achieve these objectives include

- attracting and recruiting high calibre staff,
- optimising pupil/teacher ratios,
- improving training and staff development,
- providing scholarships and bursaries to allow talented pupils from less well-off backgrounds to enrol,
- managing finances so as to retain competitive fees whilst maximising funds available to improve quality of education and facilities for pupils

Current Year's Principal Activities

The Foundation successfully provided education to 987 pupils and a total of 219 (2010 192) pupils received help with fees to the total value of £583,972 (2010 £448,843) and the scholarships and bursaries fund is at a level equivalent to 7.2% (2010 6.4%) of fee income.

The Trustees have been successful in raising some funds from existing parents and others towards the general bursary fund and the Thomas More Scholarship, both of which are actively publicised. The Thomas More Scholarship is a means tested scholarship programme which is available for Catholic pupils who currently attend Catholic Primary Schools in Rugby for entrance to Year 7 at Princethorpe in September 2011.

The Trustees are indebted to the parents' associations of both schools whose organisation of events bring together the wider school communities and whose support of school events is invaluable as well as raising significant sums of money to support the schools.

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Achievements Against Objectives

- Achievement at A-level continues to be strong and record GCSE results were achieved. Results continue to show that students perform well relative to their ability.
- The programme of improvement to teaching, drama & sporting facilities continues. The Foundation is currently finalising a ten year building development plan for both schools.
- The life of the sixth form is vibrant and numbers continue to grow.
- Participation in extra-curricular sport continues to be very successful across a range of boys and girls sports including several county and national titles. The variety of other extra-curricular activities continues to grow.
- The students have had great range of cultural and sporting trips abroad including a rugby and hockey tours including the biennial trip to South Africa.
- There have been a large number of fund-raising activities for charitable causes, many of them student led.
- Around 130 students are working toward Gold, Silver or Bronze Duke of Edinburgh Awards.
- Art, music and drama are thriving with a great variety of productions and concerts through the year.
- The restoration of the Roundhouse and Chapel repairs at Princethorpe have commenced, aided by the donations to the Historic Buildings Appeal.

In July 2010 the Foundation announced the merger of Abbotsford School with Crackley Hall school. The merger has gone very well with a growth in the number of pupils and an increase in resources at the school. The links between the junior and senior schools are strong and continue to deepen. The Foundation is now the sole provider of independent education in Kenilworth up to the age of 11 years.

PUBLIC BENEFIT

Charitable Aims, Relevant Benefits and Beneficiaries

The Trustees are satisfied that the Schools' aims are charitable, and that its operation was and is consistent with those aims. The Trustees have also given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

In accordance with the governing instruments of the Foundation the chapel at Princethorpe College is provided to the local parish for services including weekly Mass, baptisms, weddings and funerals. No charge is made by the Foundation for these events although an occasional donation is received from the parish towards the running costs.

As part of the Foundation's educational provision, the schools encourage pupils to contribute to the wider community. Its recent audit of public benefit has identified a wide range of other charitable activities in which pupils are involved.

- Fundraising for a wide variety of charities and other organisations including Cancer Research, Macmillan Cancer Relief, Haiti Appeal, Hope, Wooden Spoon, Mary's Meals, CAFOD, Children in Need Appeal, Acorns Children's Hospice Trust, Warwickshire and Northamptonshire Air Ambulance, teenage Cancer Trust, Breakthrough Breast Cancer and the Missionaries of the Sacred Heart.
- Christmas lunch for senior citizens from local care homes and from the local parish,
- Fundraising and practical help in local schools, care homes and institutions through Youth St Vincent de Paul Society,
- Community Service as part of Sixth Form General Studies.

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

Children and young people who are not pupils at the Schools have also benefited from the Charity's activities consistent with its objects

- The facilities of the Foundation are provided free or at reasonable cost to a wide variety of external groups for functions for children and young people including youth sports groups, children's fun days and music festivals,
- The Foundation provides coaching in hockey to external youth teams and to individual external pupils,
- The provision of training to teachers, including remedial training sessions, in maintained schools,
- Teachers provide support for exam boards for example as examination moderators, examiners, examination leadership, and in service training (INSET) for AQA for teachers for all sectors,
- The Computer Aided Design and Computer Aided Manufacturing facilities at the school are made available to the Imagineering Group from a local state school, the Imagineering Group also held their carting challenge at Princethorpe,
- The Chaplaincy supports the 'Children's Liturgy' during Mass each Sunday during term time,
- A Football Festival and a Hockey Festival is run annually for local schools including state schools,
- A nationally acclaimed cross country course is used by pupils in the independent and maintained sectors

There are also activities that have provided other charitable benefit, in addition to benefits directly associated with the objects of the Charity

- Students completing post graduate studies with various academic bodies have the facility of carrying out teaching practice,
- A regular Reading Group is open to both parents and local people,
- The use of facilities by Scouts and the DAF Owners' Club,
- The schools' facilities are used by a variety of groups at no or low cost,
- Princethorpe College takes part in the annual Heritage Open Day

The Trustees are satisfied that there is no evidence of detriment or harm associated with the Schools' activities. The ISI Inspection in 2009 reported that the provision of pastoral care and welfare was excellent

The Trustees are satisfied that any private benefits are incidental, the fee remission provided for staff being part of the employment terms offered to attract and retain high quality staff

Access

The Foundation applies appropriate academic entrance requirements to ensure that its pupils are able to benefit from the education provided

The Foundation wishes to ensure that admission to the schools is not restricted by financial circumstances excepting that overall there has to be a proper balance between income and costs such that the continuation of the Foundation will not be financially imperilled

When setting the fees for the schools Trustees are mindful of the need to ensure accessibility for as wide a range of socio-economic background as possible and therefore fee levels and increases are kept as low as practicable

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

The Trustees are satisfied that the opportunity to benefit from the School's activities is not unreasonably restricted. The Bursary Fund is used to enable access to members of the public who might not be able to afford the full fees. Means tested bursaries were granted to 54 pupils totalling £224,052 with eighteen pupils receiving fee remissions of 75% or more including eleven pupils receiving full fee remissions.

The provision of free places means that people in poverty are not excluded from the opportunity to benefit from the Schools' activities.

FINANCIAL REVIEW

Summary

The results for the year are shown on page 11. The overall results reflect an operating surplus for the year of £77,774 (2010: £24,622).

Reserves Policy

The Trustees have approved a reserves policy to help protect the Foundation against uninsurable risks and future uncertainties, and to establish a level of reserves which satisfies operating prudence, bearing in mind the impact of potential changes in the economic, political and legislative environment within which the charity functions.

The independent sector is competitive and an increase in fees requires a minimum of one term's notice. The consequence of an adverse change in the economic climate might well have a more immediate effect however, and the Foundation could be contractually obliged to carry some costs, particularly staff costs, through a period of declining income, until adjustments could be made.

The Trustees are of the view that an appropriate level of free reserves should equate to between 50% and 75% of one term's operating costs with a minimum of £1m. The Trustees have established this reserve and will review and monitor this policy as part of the budgetary process.

FUTURE PLANS

The Foundation's strategy and business plan looks forward five years and is reviewed and revised annually. Strategic objectives for the period are:

- to attract and recruit high calibre teaching and support staff
- to maintain and improve the academic performance of the schools
- to maintain optimum staff/pupil ratios
- to grant scholarships and bursaries thereby enabling talented pupils from less well-off backgrounds to enrol
- to manage finances such that fees are kept at competitive levels commensurate with the maintenance and improvement of a high quality learning and working environment
- to restore the chapel and complete the restoration of the roundhouse
- to improve the facilities at both schools through a programme of building works and improvements

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

RELATED PARTIES

Two trustees are members of the Society of The Missionaries of the Sacred Heart of Jesus, a voluntary association of men formed in Ireland for the promotion of the Catholic Faith. They are also Trustees of MSC Charity Trust, a registered charity (number 801900). The purpose of that charity is to promote the objects of the Society of the Missionaries of the Sacred Heart of Jesus. A summary of transactions with those parties is disclosed in note 18 to the financial statements.

INVESTMENT POWERS

Under the memorandum and articles of association, the Foundation has the power to invest monies not immediately required for the furtherance of its objects in such manner as the Trustees may from time to time determine.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Foundation for the purposes of Company Law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2011

AUDITORS

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

On behalf of the Trustees



Mr A Q D Cornforth
23 January 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE PRINCETHORPE FOUNDATION

We have audited the financial statements of The Princethorpe Foundation for the year ended 31 August 2011 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of The Princethorpe Foundation for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.



REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE PRINCETHORPE FOUNDATION (CONTINUED)

OPINION ON FINANCIAL STATEMENTS

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 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all information and explanations we require for our audit

Grant Thornton UK LLP

Kathryn Godfree
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

23 January 2012

Company number 4177718

THE PRINCETHORPE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 August 2011

	Note	Unrestricted funds £	Restricted funds £	2011 £	2010 £
Incoming resources					
Incoming resources from generated funds					
<i>Activities for generating funds</i>					
Lettings and other income		20,236	-	20,236	11,826
Investment income	5	27,887	3	27,890	36,855
<i>Voluntary income</i>					
Gifts and donations		-	1,392	1,392	29,154
Income from charitable activities					
School fees receivable and other ancillary income	2	8,051,281	-	8,051,281	7,535,515
Total incoming resources		8,099,404	1,395	8,100,799	7,613,350
Resources expended					
Costs of generating funds					
Net letting income/(costs)		699	-	699	(3,715)
Net incoming resources available for charitable application	4	8,100,103	1,395	8,101,498	7,609,635
Charitable activities					
Governance costs - transfer of engagement		7,898,426	42,443	7,940,869	7,482,759
Governance costs - other		-	-	-	60,388
Total resources expended	6	7,981,281	42,443	8,023,724	7,585,013
Net incoming resources		118,822	(41,048)	77,774	24,622
Transfer of engagement		-	-	-	106,783
Fund balances at 31 August 2010		13,283,456	869,293	14,152,749	14,021,344
Fund balances at 31 August 2011	12/13	13,402,278	828,245	14,230,523	14,152,749

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

THE PRINCETHORPE FOUNDATION

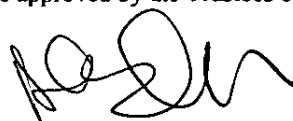
BALANCE SHEET

For the year ended 31 August 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	<u>13,414,729</u>	<u>13,185,481</u>
Current assets			
Stocks		68,682	58,072
Debtors	8	381,504	257,498
Freehold property	9	700,000	700,000
Cash at bank and in hand		<u>1,233,918</u>	<u>1,768,052</u>
		<u>2,384,104</u>	<u>2,783,622</u>
Creditors: amounts falling due within one year	10	<u>1,300,107</u>	<u>1,607,701</u>
Net current assets		<u>1,083,997</u>	<u>1,175,921</u>
Total assets less current liabilities		<u>14,498,726</u>	<u>14,361,402</u>
Creditors: amounts falling due after more than one year	11	<u>268,203</u>	<u>208,653</u>
Total net assets		<u>14,230,523</u>	<u>14,152,749</u>
Represented by			
Unrestricted funds	12	13,402,278	13,283,456
Restricted funds	13	<u>828,245</u>	<u>869,293</u>
Total funds		<u>14,230,523</u>	<u>14,152,749</u>

The financial statements were approved by the Trustees on 23 January 2012 and signed on their behalf by

Mr A Q D Cornforth
Trustee



Rev A R Whelan
Trustee



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

THE PRINCETHORPE FOUNDATION

CASH FLOW STATEMENT

For the year ended 31 August 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operations	15		205,179		1,131,591
Returns on investments and servicing of finance					
Interest received		27,890		36,855	
Interest element of finance lease payments		-		(1,428)	
			27,890		35,427
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(767,203)		(451,374)	
Proceeds from sale of tangible fixed assets		-		-	
			(767,203)		(451,374)
Transfer of operations					
Repayment of mortgage commitments		-		(564,921)	
Cash balances transferred		-		1,498	
			-		(563,423)
Cash (outflow)/inflow before financing			(534,134)		152,221
Financing					
Capital element of finance lease payments			-		(2,011)
(Decrease)/increase in cash in the year	16		(534,134)		150,210

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

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

1 PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with The Companies Act 2006, The Charity (Accounts and Report) Regulations 1995, the Statement of Recommended Practice Accounting by Charities (the SORP issued in October 2000, updated May 2005) and with applicable accounting standards. These accounts are drawn up on the historical cost convention basis. The principal accounting policies of the Foundation are set out below. The policies have remained unchanged from the previous year.

Going concern

The Trustees consider that there are sufficient funds to enable the Foundation to continue to operate for the foreseeable future, and they consider it remains appropriate to prepare the accounts on the going concern basis.

Incoming resources

School fees

School fees consist of charges for the school for the period ending 31 August.

Donations and gifts

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

Investment income

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

Resources expended

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

- costs of generating funds comprise the costs associated with attracting voluntary income
- charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them
- governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity
- all costs are allocated between expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relation to a particular activity are allocated directly, others are apportioned on an appropriate basis as set in note 6

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity, without specified purpose and are available on funds to which the charity may use for its purposes at its discretion.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives as follows:

Freehold buildings	2% per annum on cost
Fixtures, fittings and equipment	5% to 20% per annum on cost
Motor vehicles	20% per annum on cost
Computer equipment	33 $\frac{1}{3}$ % per annum on cost

Items costing less than £1,000 are written off as an expense as acquired.

Stocks

Stock is valued at the lower of cost and net realisable value.

Finance and operating leases

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

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investment properties

Investment properties are revalued annually and included in the balance sheet at open market value. Any surplus or deficit on revaluation of such properties will be transferred to an investment revaluation reserve. Where a deficit or its reversal arising from the revaluation is expected to be permanent, it will be charged to the income and expenditure account.

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Pension schemes

The Foundation contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Foundation by the Scheme Administrator which is currently 14.1% (2010 14.1%). The Foundation is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis therefore the Foundation's contributions are accounted for on a defined contribution basis as allowed by Financial Reporting Standard 17 Retirement Benefits in circumstances where multi-employer schemes exist.

Contributions are also made to pension schemes for certain non-teaching staff. Contributions are charged to income and expenditure account as paid.

Taxation

The Foundation is not liable to corporation tax due to its charitable status.

2 SCHOOL INCOME

	2011 £	2010 £
Fees	7,443,733	6,975,428
Transport	428,332	396,461
Shop income	89,881	99,685
Insurance income	45,288	44,602
Registration fees	18,993	16,273
Sundry receipts	25,054	3,066
	<u>8,051,281</u>	<u>7,535,515</u>
School income comprised		
Gross school income	8,303,911	7,677,636
Less total bursaries, grants and allowances	<u>(860,178)</u>	<u>(702,208)</u>
	<u>7,443,733</u>	<u>6,975,428</u>

Bursaries, grants and allowances are made to individual students based on them meeting certain criteria. There were 54 bursaries (2010 47), 49 allowances (2010 41) and 164 grants (2010 145) awarded during the 2010/11 academic year.

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

3 STAFF COSTS

	2011 £	2010 £
Wages and salaries	4,378,069	3,940,480
Social security costs	344,954	319,840
Pension contributions	461,271	430,099
	<u>5,184,294</u>	<u>4,690,419</u>

The average monthly number of employees during the year was as follows

	2011 Number	2010 Number
Teachers and teacher support	97	99
Domestic	9	3
Maintenance	13	10
Cleaners	3	4
Administration	13	12
	<u>135</u>	<u>128</u>

The number of employees whose emoluments exceed £60,000 were

	2011 Number	2010 Number
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1

No Trustees received remuneration during the year

Trustees' expenses amounted to £1,867 (2010 £3,062)

4 NET INCOMING RESOURCES

	2011 £	2010 £
This is stated after charging		
Auditors' remuneration	11,500	10,000
Depreciation	594,653	575,230
Governors' and officers' liability insurance	756	756
Hire of plant and machinery - operating leases	18,785	18,785

5 INVESTMENT INCOME

	2011 £	2010 £
Income from bank and other deposits	<u>27,890</u>	<u>36,855</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

6 TOTAL RESOURCES EXPENDED

	Basis of allocation	Charitable activities	Governance	Total 31 August 2011	31 August 2010
		£	£	£	£
Costs directly allocated to activities					
Staff costs	Direct	5,184,294	-	5,184,294	4,690,419
Other teaching costs	Direct or usage	520,494	-	520,494	461,039
Welfare	Direct or usage	145,326	-	145,326	187,826
Premises	Direct or usage	1,199,951	-	1,199,951	1,200,161
Transport	Direct	425,433	-	425,433	406,893
Shop costs	Direct	47,206	-	47,206	102,035
Management and administration	Direct or usage	418,165	-	418,165	434,386
Support costs allocated to activities					
Legal and professional - transfer of engagement	Direct	-	-	-	60,388
Legal and professional - other	Direct	-	82,855	82,855	41,866
		<u>7,940,869</u>	<u>82,855</u>	<u>8,023,724</u>	<u>7,585,013</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

7 TANGIBLE FIXED ASSETS

	Investment property £	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Computer hardware £	Total £
Cost						
At 1 September 2010	300,000	13,395,976	2,306,207	91,564	605,874	16,699,621
Additions	-	448,671	282,165	46,821	46,244	823,901
At 31 August 2011	300,000	13,844,647	2,588,372	138,385	652,118	17,523,522
Depreciation						
At 1 September 2010	-	1,752,165	1,200,957	74,181	486,837	3,514,140
Charge	-	262,404	240,793	16,709	74,747	594,653
At 31 August 2011	-	2,014,569	1,441,750	90,890	561,584	4,108,793
Net book amount at 31 August 2011	300,000	11,830,078	1,146,622	47,495	90,534	13,414,729
Net book amount at 31 August 2010	300,000	11,643,811	1,105,250	17,383	119,037	13,185,481

All tangible fixed assets were used for charitable purposes

Freehold land of £1,000,000 (2010 £1,000,000) included above has not been depreciated

The freehold land and buildings donated to the foundation by MSC Charity Trust with effect from 1 September 2001 were professionally valued prior to the donation by Howkins & Harrison for Princethorpe College and Innes England for Crackley Hall. The values attributed to these properties were £5,900,000 and £842,099 respectively.

The investment property was transferred as part of the transfer of the business and assets of Abbotsford School in 2010. The property was professionally valued at a value of £300,000 by ehB Commercial Limited prior to the transfer. The Trustees have considered the value of the property at the year end and believe that the £300,000 remains appropriate as a reflection of open market value.

Inalienable and historic assets

In addition to the capitalised fixed assets held for the Foundation's own use, the Foundation also has a substantial endowment of assets bequeathed on trust for retention in perpetuity as a permanent record of the Foundation's history. These comprise a variety of religious artefacts whose intrinsic value is also bound up with the Foundation's history. These are irreplaceable originals to which no reliable cost or value can be attributed and accordingly these assets have not been capitalised in the financial statements.

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

8 DEBTORS

	2011 £	2010 £
Fees receivable	149,329	59,174
Other debtors	106,888	134,544
Prepayments	125,287	63,780
	<u>381,504</u>	<u>257,498</u>

9 PROPERTY

	2011 £	2010 £
Abbotsford School Building	<u>700,000</u>	<u>700,000</u>

The property is the former Abbotsford School building, which was transferred to the Foundation as part of the transfer of engagement in 2010. The property is stated at market value at the balance sheet date. The property is currently vacant and the trustees are considering their options.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	524,934	692,321
Taxation and social security	162,445	127,287
Other creditors and accrued charges	223,273	161,744
Fees received in advance	363,055	571,449
Final term deposits	26,400	54,900
	<u>1,300,107</u>	<u>1,607,701</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Final term deposits	<u>268,203</u>	<u>208,653</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

12 UNRESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2010 £	Income £	Expended £	Transfers £	Balance at 31 August 2011 £
Designated funds					
Tangible fixed asset fund	12,360,648	-	-	254,081	12,614,729
General reserve	922,808	8,100,103	(7,981,281)	(254,081)	787,549
Balance	13,283,456	8,100,103	(7,981,281)	-	13,402,278

The tangible fixed asset fund represents the net book value of tangible fixed assets excluding assets held as part of restricted funds

13 RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2010 £	Income £	Expended	Balance at 31 August 2011 £
Princethorpe Chapel fixed asset fund	820,000	-	(20,000)	800,000
Historic buildings appeal fund	40,438	1,392	(16,610)	25,220
Edwards Charity equipment fund	4,833	-	(4,833)	-
Biodun Olanrewaju Memorial Prize	4,022	3	(1,000)	3,025
	869,293	1,395	(42,443)	828,245

Princethorpe Chapel fixed asset fund

Under the terms of the gift by the MSC Charity Trust and in accordance with the memorandum of association of the Foundation, this endowment fund represents the gift of the chapel to the Foundation. The amount expended during the year represents the annual depreciation charge. This fund does not represent income available to be used on other projects. The chapel, which forms part of the premises, must be maintained as a public place of worship whilst owned by the Foundation.

Historic buildings appeal fund

This fund comprises donations made for the restoration and upkeep of the chapel and other historic buildings which form part of the premises.

Edwards Charity equipment fund

This fund was used to purchase equipment and is being reduced as the equipment is depreciated.

Biodun Olanrewaju Memorial Prize

This fund has been set up by three former pupils in memory of their late father to provide an award to a Sixth Form leaver.

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2011 were represented by			
Tangible fixed assets	12,614,729	800,000	13,414,729
Net current assets	1,055,752	28,245	1,083,997
Long term liabilities	(268,203)	-	(268,203)
	<u>13,402,278</u>	<u>828,245</u>	<u>14,230,523</u>

15 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2011 £	2010 £
Net incoming resources	77,774	24,622
Depreciation	594,653	575,230
Investment income	(27,890)	(36,855)
Interest on finance lease agreements	-	1,428
(Increase)/decrease in stocks	(10,610)	24,583
Increase in debtors	(124,006)	(28,051)
(Decrease)/increase in creditors	(304,742)	570,634
Profit on sale of tangible fixed assets	-	-
Net cash inflow from operations	<u>205,179</u>	<u>1,131,591</u>

16 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2010 £	Cash flow £	At 31 August 2011 £
Cash at bank and in hand	<u>1,768,052</u>	<u>(534,134)</u>	<u>1,233,918</u>

17 OPERATING LEASE COMMITMENTS

At 31 August 2011 the company had annual commitments under non-cancellable operating leases which expire

	2011 £	2010 £
Within one year		
Between one and five years	<u>18,785</u>	<u>18,785</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2011

18 RELATED PARTY TRANSACTIONS

Three Trustees, Rev P J Courtney, Rev A R Whelan and Rev C R Tranter, are members of the Society of the Missionaries of the Sacred Heart of Jesus. During the year the Foundation made contributions of £45,630 (2010 £44,604) to that organisation.

The Foundation has no controlling interest.

19 CAPITAL COMMITMENTS

The Foundation had a capital commitment contracted at the 31 August 2011 of £259,022 (2010 £82,000).

20 PENSION CONTRIBUTIONS

The company contributes to a defined benefit superannuation scheme for teaching staff and to defined contribution schemes for certain non-teaching staff. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company of £461,271 (2010 £430,099).

21 CONTINGENT LIABILITIES

There is a contingent liability in respect of employer pension contributions for part time teaching staff. It is not possible to quantify the extent of this liability, if any, at the present time. It is subject to the relevant former members of staff submitting and proving their claims for contribution arrears.