

**ST CHRISTOPHER SCHOOL
(LETCHWORTH) LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1997**

**HORWATH
CLARK WHITEHILL**

Chartered Accountants

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ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
YEAR ENDED 31 AUGUST 1997

COMPANY NUMBER 535836

REGISTERED CHARITY NUMBER 311062

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:

D K Baker
Miss A Jacob
N A Robertson
Mrs M E Marsh
B G Goodall
Mrs A Priestley

The Directors are elected at a full Directors' Meeting.

**COMPANY SECRETARY
AND SCHOOL BURSAR**

Mrs P Murray-Jones

HEADMASTER

C Reid

BUSINESS ADDRESS

Barrington Road
Letchworth
Hertfordshire
SG6 3JZ

REGISTERED OFFICE

Barrington Road
Letchworth
Hertfordshire
SG6 3JZ

AUDITORS

Horwath Clark Whitehill
25 New Street Square
London
EC4A 3LN

PRINCIPAL BANKERS

Barclays Bank plc
Station Place
Letchworth
Hertfordshire

PRINCIPAL SOLICITORS

Balderston and Warren
Broadway Chambers
Letchworth
Hertfordshire

ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 1997

The Directors present their report, together with the audited financial statements of St Christopher School (Letchworth) Limited for the year ended 31 August 1997.

ORGANISATION, OBJECTS AND POLICY

The School is a registered charity and a limited company and is governed by its memorandum and articles of association.

The object of the school is the education of girls, boys and adult students of either sex.

The Directors determine the general policy of the School. There have been no changes in policy from the previous year. The day to day management is delegated to the Headmaster and the Bursar.

The results for the year are set out on page 6.

The Directors consider the net incoming resources to be satisfactory. The review of the year and future developments are in the chairman's report on page 4.

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 affairs of the company and of the profit or loss of the company for that period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 or other irregularities.

MARKET VALUE OF LAND AND BUILDINGS

The leasehold properties were revalued by the Directors on 31 August 1979 and additions since that date are included at cost.

Due to the specialised nature of the buildings, the market value of the company's properties is difficult to ascertain. However the Directors consider that such value would be greater than the written down value at which they are included in the annexed balance sheet.

ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

RESOURCES

Note 10 splits the funds between those restricted as to their use, those designated for specific purposes and those available for the day to day requirements of the School. The Directors consider that the assets held in these funds are available and adequate to fulfil the obligations of the School.

DIRECTORS

The Directors during the year under review and the shares in the company in which they were interested at the beginning and end of the year were:

	Ordinary shares of £1 each	
	At 1 September 1996	31 August 1997
D K Baker	4	4
Miss A Jacob	4	4
N A Robertson	4	4
Mrs M E Marsh	4	4
B G Goodall	4	4
Mrs A Priestley	-	4

In addition to the above, N A Robertson and Mrs M E Marsh are joint holders of a further 4 shares.

AUDITORS

After the year end the auditors changed their name to Horwath Clark Whitehill and have signed their audit report in their new name. A resolution to re-appoint Horwath Clark Whitehill will be made in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on:

Signed on behalf of the board of Directors



Governor

15 February 1998

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 AUGUST 1997

The Governors consider the results for the year, in both financial and academic terms to be very satisfactory. There was little change in pupil numbers over the previous year, allowing an inflationary increase in Incoming Resources. This, coupled with a less than inflationary increase in Resources Expended, resulted in a useful increase in our Net Movement in Funds.

For the summer term, the total school roll was 474 pupils, of which 298 were boys and 176 girls, and 148 were boarders and 326 day.

There were a number of developments during the year.

- The purchase of Ladybarn and completion of the new CDT block allowed a number of changes to school buildings and conversion of a new Mathematics Department, History Department and Sports Changing Rooms were completed in time for the new school year.
- The conversion of Ladybarn to accommodate the Sixth Form Centre and new quarters for the Department of English as a Foreign Language progressed well.
- The school was subjected to an ISJC Inspection and received a very creditable report. The recommendations made in the report are now being implemented.
- The school was awarded an initial 20 places under the Government's Assisted Places Scheme. These were allocated by September 1997. In addition there are 16 pupils on the roll financed by Local Education Authorities.

Pupil numbers for the new year are showing a very healthy increase on last year at 503 (up 29, 6%). However, the drift from boarding to day continues in line with national trends, and the Governors have responded to this change by de-commissioning one boarding house and starting a bus service from North London for day pupils.

The Governors are setting aside accumulated surpluses for the creation of an all year swimming pool and are launching an appeal to parents and old scholars to raise the remaining funds needed to enable this project to be undertaken in 1999.

The Governors would like to thank the Head and all his staff for another excellent year.



Neil Robertson
Chairman

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CLARK WHITEHILL**

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**AUDITORS REPORT
TO THE SHAREHOLDERS OF
ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED**

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 company's circumstances, consistently applied and adequately disclosed.

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

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 August 1997 and of the surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

16th February 1998

Mark C. Whitehill

Chartered Accountants
and Registered Auditors

ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 1997

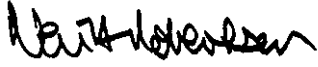

	Notes	Unrestricted School Fund £	Restricted Funds £	1997 £	1996 £
INCOMING RESOURCES					
Fees receivable	2	3,310,259	-	3,310,259	3,216,034
Donations and other income		18,815	34,793	53,608	68,560
Covenanted donation		39,600	-	39,600	-
Bank and other interest		57,030	-	57,030	80,204
Total Incoming Resources		3,425,704	34,793	3,460,497	3,364,798
RESOURCES EXPENDED					
Direct Charitable Expenditure:					
Teaching costs		1,592,743	-	1,592,743	1,527,964
Welfare		634,763	-	634,763	601,273
Premises		563,312	-	563,312	565,251
Support costs		439,472	-	439,472	462,827
		3,230,290	-	3,230,290	3,157,315
Other Expenditure:					
Interest		6,102	-	6,102	8,502
Management and administration of the Charity		8,563	-	8,563	8,137
		14,665	-	14,665	16,639
Total Resources Expended	3	3,244,955		3,244,955	3,173,954
Net Incoming Resources		180,749	34,793	215,542	190,844
Unrealised (loss)/gain on investment assets		-	(8)	(8)	43
Net Movement in funds		180,749	34,785	215,534	190,887
Balances brought forward at 1 September 1996		5,168,000	96,166	5,264,166	4,790,249
Restatement of fixed assets		-	-	-	283,030
As restated		5,168,000	96,166	5,264,166	5,073,279
Balances carried forward at 31 August 1997		5,348,749	130,951	5,479,700	5,264,166

The notes on pages 9 to 15 form part of these accounts.

ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 1997

	Notes	1997 £	1996 £
TANGIBLE FIXED ASSETS			
School buildings and equipment	4	5,221,829	5,093,248
INVESTMENTS	5	241	243
CURRENT ASSETS			
Debtors	6	172,541	181,731
Cash		<u>918,110</u>	<u>858,727</u>
		1,090,651	1,040,458
CREDITORS: amounts due within one year	7	<u>(549,692)</u>	<u>(524,712)</u>
NET CURRENT ASSETS		<u>540,959</u>	<u>515,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,763,029	5,609,237
CREDITORS: amounts due after more than one year			
Bank loan	8	(24,939)	(44,137)
Final term deposits		<u>(258,362)</u>	<u>(300,906)</u>
TOTAL NET ASSETS		<u>5,479,728</u>	<u>5,264,194</u>
CAPITAL AND RESERVES			
Called up share capital	9	28	28
RESTRICTED FUNDS	11a	130,951	96,166
UNRESTRICTED FUNDS			
Designated	11b	5,048,299	4,939,637
General	11c	<u>300,450</u>	<u>228,363</u>
		<u>5,479,728</u>	<u>5,264,194</u>

Approved by the Directors on
and signed on its behalf by

 } Directors


15 February 1998

15/2/98

The notes on pages 9 to 15 form part of these accounts.

ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 1997

	Notes	£	1997 £	1996 £
Net cash inflow from operations	15		358,467	466,588
Returns on investments and servicing of finance				
Interest received		57,030		80,204
Interest paid		(6,102)		(8,502)
Net cash inflow from returns on investments and servicing of finance			50,928	71,702
Capital expenditure and financial investment				
Payments to acquire tangible assets		(330,057)		(796,337)
Receipts from sale of tangible fixed assets		-		859
Net cash outflow from capital expenditure and financial investment			(330,057)	(795,478)
Net cash inflow/(outflow) before financing			79,338	(257,188)
Financing				
Loan repayments		(19,955)		(18,470)
Net cash outflow from financing			(19,955)	(18,470)
Increase/(decrease) in cash and cash in the year	17		59,383	(275,658)

The notes on pages 9 to 15 form part of these accounts.

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 1997

1. ACCOUNTING POLICIES

a) Basis of Preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of certain asset and in accordance with applicable standards and the principals of the Statement of Recommended Practice "Accounting by Charities".

On 17 July 1996 the Company formed a subsidiary undertaking in which it holds a 100% interest, St. Christopher School Guilds Limited. The first accounts for this undertaking will be drawn to 31 August 1997. Consolidated accounts have not been prepared as at 31 August 1997. In the period 17 July 1996 to 31 August 1997 St. Christopher School Guilds Limited earned income of £64,657 and incurred expenses of £25,057, and had an issued share capital of £6.

b) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets in use, other than freehold land, at rates and bases calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	- over 50 years
Long leasehold property, acquired prior to 1979	- over the term of the lease
Long leasehold property - other	- over 50 years
Fixtures, fittings and equipment	- over 5 years
Motor vehicles	- over 5 years
Computer equipment	- over 3 years
Temporary classrooms	- over 10 years

Long leasehold property acquired prior to 1979 represents historic buildings for which the School makes adequate provision in respect of upkeep and maintenance. The Directors consider it to be appropriate to depreciate these buildings over the life of the lease which at 31 August 1997 had 116 years to run.

c) Fees

Fees consist of charges for the School year ending 31 August 1997, less bursaries and allowances.

d) Expenditure

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to time spent.

e) Teaching costs

Supplies of games equipment, books, stationery and sundry materials are written off to the General Revenue account when the expenditure is incurred.

f) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

ST CHRISTOPHER SCHOOL (LETCHWORTH) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

2. FEES RECEIVABLE	1997 £	1996 £
Fees receivable consists of:		
Gross fees	3,554,225	3,496,463
Less: Bursaries	(94,548)	(109,743)
Allowances	(149,418)	(170,686)
	<u>3,310,259</u>	<u>3,216,034</u>

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other £	Depreciation £	Total £
Direct Charitable Expenditure:				
Teaching costs	1,382,235	171,800	38,708	1,592,743
Welfare	416,623	197,474	20,666	634,763
Premises	195,052	238,436	129,824	563,312
Support costs	213,853	213,340	12,279	439,472
	<u>2,207,763</u>	<u>821,050</u>	<u>201,477</u>	<u>3,230,290</u>
Other Expenditure:				
Interest	-	6,102	-	6,102
Management and Administration of the Charity	-	8,563	-	8,563
	<u>2,207,763</u>	<u>835,715</u>	<u>201,477</u>	<u>3,244,955</u>

Expenditure includes the following:

Direct charitable expenditure includes:		
Ex-Gratia and redundancy costs	30,607	17,442
Other expenditure includes:		
Auditor's remuneration:		
for audit	7,520	7,344
for other services	558	-
Operating lease rentals - other	9,170	8,883
Depreciation	94,599	97,977
Amortisation	106,877	103,220
Staff Costs		
Wages and salaries	1,929,890	1,886,799
Social security costs	154,709	151,824
Pension contributions	123,164	105,326
	<u>2,207,763</u>	<u>2,143,949</u>

The average number of employees in the year was 116 (1996 - 114) of which 48 (1996 - 48) were full time teaching staff. Neither the Directors nor persons connected with them received any remuneration or other benefits from the School or any connected organisation.

The number of employees whose emoluments exceeded £40,000 were:

	No.	No.
£40,001 - £50,000	-	1
£50,001 - £60,000	1	-

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

4. TANGIBLE FIXED ASSETS

	Freehold Property £	Long Leasehold Property £	Motor vehicles £	Fixtures fittings and equipment £	Computer equipment £	Total £
Cost/valuation						
1 September 1996	162,050	5,713,997	50,784	640,785	154,586	6,722,202
Additions	-	270,647	-	31,930	27,480	330,057
31 August 1997	162,050	5,984,644	50,784	672,715	182,066	7,052,259
Depreciation						
1 September 1996	17,046	945,582	48,355	495,277	122,694	1,628,954
Charge for year	2,841	106,877	2,429	55,850	33,479	201,476
31 August 1997	19,887	1,052,459	50,784	551,127	156,173	1,830,430
Net book values						
31 August 1997	142,163	4,932,185	-	121,588	25,893	5,221,829
31 August 1996	145,004	4,768,415	2,429	145,508	31,892	5,093,248

The historical cost of leasehold land and buildings included above at a valuation of £1,116,000 was £400,319. The leasehold land and buildings were revalued by the directors on 31 August 1979.

5. INVESTMENTS

	1997 £	1996 £
At mid-market value		
Balance at 1 September 1996	243	200
Unrealised (loss)/gain	(8)	43
Balance at 31 August 1997	235	243
Investment in subsidiary undertaking (note 18)	6	-
	241	243

6. DEBTORS

Fees	75,080	132,802
Amounts owed by subsidiary undertaking	38,416	730
Other debtors	18,345	5,482
Prepayments	40,700	42,717
	172,541	181,731

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

7. CREDITORS: DUE WITHIN ONE YEAR	1997	1996
	£	£
Bank loan and overdrafts	17,640	15,189
Other loan	-	3,208
Fees in Advance	350,579	321,721
Final term deposits	58,850	48,730
Trade creditors	23,626	32,714
Other taxes and social security	43,471	47,158
Accruals and deferred income	42,094	46,041
Other creditors	13,432	9,951
	<u>549,692</u>	<u>524,712</u>

8. LOAN CREDITOR

The bank loan is repayable by instalments after five years

Due within two to five years	5,949	30,348
Due within one to two years	18,990	13,789
Due after more than one year	24,939	44,137
Due within one year (See Note 7)	17,640	15,189
	<u>42,579</u>	<u>59,326</u>

The mortgage is repayable by monthly instalments over 25 years from June 1990 and interest is charged at 2% above the Midland Banks base rate. The loan is secured on the company's freehold property.

9. SHARE CAPITAL

	No.	Value	No.	Value
	1997	1997	1996	1996
Authorised				
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Allotted and fully paid:				
Ordinary shares of £1 each	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>

The ordinary shareholders have no rights to receive any dividend or bonus out of profits and no rights to surplus assets on a winding up.

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

10. ALLOCATION OF THE CHARITY NET ASSETS

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

	Fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Restricted funds	130,951	-		-	130,951
General funds:					
Designated funds	5,090,878	-	(17,640)	(24,939)	5,048,299
Unrestricted	-	241	558,571	(258,362)	300,450
Share capital	-	-	28	-	28
	<u>5,221,829</u>	<u>241</u>	<u>540,959</u>	<u>(283,301)</u>	<u>5,479,728</u>

11A RESTRICTED FUNDS

	Balance 1 September 1996 £	Incoming Resources £	Resources Expended £	Transfers Investment Gains/(losses) £	Balance 31 August 1997 £
	<u>96,166</u>	<u>34,793</u>	<u>-</u>	<u>(8)</u>	<u>130,951</u>

At the year end, the restricted fund comprises the 2000 Development Appeal.

11B DESIGNATED FUNDS

Fixed assets in use	4,397,951	-	-	650,348	5,048,299
Revaluation reserve	446,890	-	-	(446,890)	-
Building reserve	<u>94,796</u>	<u>-</u>	<u>-</u>	<u>(94,796)</u>	<u>-</u>
	<u>4,939,637</u>	<u>-</u>	<u>-</u>	<u>108,662</u>	<u>5,048,299</u>

The designated fund represents the School's investment in fixed assets less loans secured on property.

11C. UNRESTRICTED FUNDS

General	<u>228,363</u>	<u>180,749</u>	<u>-</u>	<u>(108,662)</u>	<u>300,450</u>
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The unrestricted funds are retained as necessary to cover working capital requirements.

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

12. CONTRACTS AND COMMITMENTS

As at 31 August 1997, the School had contracted for building work amounting to £36,000. There were also amounts totalling £214,000 that were authorised but had not been contracted for at that date.

13. OPERATING LEASE COMMITMENTS

	1997		1996	
	Buildings	Other	Buildings	Other
	£	£	£	£
Annual commitments under operating leases expiring:				
within one year	-	2,121	-	-
within two to five years	-	6,507	-	6,507
	-	8,628	-	6,507

14. PENSION COSTS

The teaching staff are members of the DFE Teachers' Pension Agency Teachers' Superannuation Scheme which is a defined contribution scheme. The assets of the scheme are held separately from those of the school in an independently administered fund. The school also contributes to the personal pension plans of those non-teaching staff who are eligible and wish to avail themselves of the facility. The pension costs charge represents contributions payable by the school and amounted to £123,164 (1996: £105,326).

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

	1997	1996
	£	£
Net incoming resources	215,542	190,844
Depreciation and amortisation charges	201,476	201,197
Decrease in debtors	9,190	59,892
(Decrease)/increase in creditors	(16,813)	86,357
Net interest received	(50,928)	(71,702)
	<u>358,467</u>	<u>466,588</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	1 September 1996	Cash Flows	Other Changes	31 August 1997
	£	£	£	£
Cash at bank and in hand	858,727	59,383	-	918,110
Debt due within 1 year	(18,397)	18,397	(17,640)	(17,640)
Debt due after 1 year	(44,137)	1,558	17,640	(24,939)
	<u>796,193</u>	<u>79,338</u>	<u>-</u>	<u>875,531</u>

ST CHRISTOPHER SCHOOL (LETCWORTH) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 1997

**17. ANALYSIS OF THE BALANCE OF CASH AS SHOWN
IN THE BALANCE SHEET**

	1996	Change in year	1997
	£	£	£
Bank account - development fund	100	-	100
Deposit account - bursary	1,139	6	1,145
Bank business premium account	1,065,120	(174,216)	890,904
Money market account	-	942	942
Bank account - special donation fund	2,865	15	2,880
Bank account	(211,697)	232,636	20,939
Cash floats	1,200	-	1,200
	<u>858,727</u>	<u>59,383</u>	<u>918,110</u>

18. ST CHRISTOPHER SCHOOL GUILDS LIMITED

The school holds a 100% interest in a trading company, St Christopher School Guilds Limited, with the School receiving any surpluses earned by the company as a covenanted donation.

The financial statements of the company for the period from 17 July 1996 to 31 August 1997, which are not consolidated with the School financial statements, showed the following position:

BALANCE SHEET	1997
	£
CURRENT ASSETS	
Debtors	26,243
Cash	<u>22,097</u>
	48,340
CREDITORS: amounts falling due within one year	<u>(8,734)</u>
NET CURRENT ASSETS	<u>39,606</u>
TOTAL NET ASSETS	<u>39,606</u>
CAPITAL AND RESERVES	
Called up share capital	6
Profit and loss account (below)	<u>39,600</u>
	<u>39,606</u>
PROFIT AND LOSS ACCOUNT	
Turnover	64,657
Operating Costs	<u>(25,057)</u>
Profit from continuing activities	39,600
Covenanted donation gross	(39,600)
Balance brought forward (deficit)	<u>-</u>
Balance carried forward	<u>-</u>