

Registrars Copy

COMPANY NO 2829156

MANOR LODGE SCHOOL

A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST AUGUST 2010

FRIDAY



AN616TBV

A22

15/04/2011

144

COMPANIES HOUSE

MANOR LODGE SCHOOL

A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2010

CONTENTS	PAGE
Directors' Report	1 – 5
Statement of Directors' Responsibilities	6
Auditor's Report	7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Accounts	10 - 14

The following pages do not form part of the Statutory Accounts

Detailed Income and Expenditure Account	15 - 16
---	---------

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2010

The Board of Directors present their annual report for the year ended 31 August 2010 under the Companies Act 2006 and the Charities Act 1993, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and the Statement of Recommended Practice, "Accounting and Reporting by Charities" (The Charities SORP 2005) as issued in its revised form by the Charity Commission on 4 March 2005

REFERENCE AND ADMINISTRATIVE INFORMATION

Manor Lodge School Ltd (the Company) was incorporated as a company on 22 June 1993 and commenced activities on 19 November 1993. The Company changed its name from Forestpost Limited to Manor Lodge School Limited on 4 May 1995, and arranged pursuant to Section 60(1)(a) of the Companies Act 2006 to have the word "Limited" omitted from the Company name. The liability of its members is limited to £1 each by guarantee. The School registered as a Charity with the Charity Commissioners on 25 August 1995, number 1048874.

The Registered Office and principal address of the Company is at Manor Lodge School, Rectory Lane, Ridge Hill, Shenley, Radlett, Hertfordshire WD7 9BG. Its registered company number is 2829156.

Directors

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

A J Phipps # (Chairman)	Mrs R Adams *
D Arnold # @	M Brahams #
M Cherry *	M J Higham *
A Smith * (resigned 6 May 2010)	M Wagner #
S Wilson *	

Member of Finance and General Purposes Committee

@ Member of Health and Safety Committee

* Member of Education Committee

Key Executives and professional advisors

The Head	T R Owen BEd, MA
Deputy Head	G T Dunn Cert Ed
The Bursar, Company Secretary & Clerk to the Governors	Miss A-M Bright BSc (Hons)
Bankers	Allied Irish Bank, 100 Gray's Inn Road, London WC1X 8AL
Solicitors	Debenhams Ottaway, Ivy House, 1 St Peter's Street, St Albans, Hertfordshire AL1 3EW
Auditors	J Daniels & Co, 1 Chase Side Crescent, Enfield, Middlesex EN2 0JA
Insurance Brokers	Marsh Limited, Education Practice, Capital House, 1-5 Perrymount Road, Haywards Heath, West Sussex RH16 3SY

DIRECTORS' REPORT - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles of Association, originally drawn up on 1 June 1993 and last amended on 14 March 2002

Governing Body

The Governors, who are also required under the Articles to serve as Directors of the Company and members of the Charitable Trust, are elected at a full Governors' meeting on the basis of professional or business experience, specialist skills and personal competence Mrs R Adams and Mr M Cherry had children at the School during the year under review

Governors are appointed for a term of three years They can be re-elected

Induction and training of Trustees

New Governors are inducted into the workings of the Charitable Trust as a school and also as a registered charity, including its Board Policy and Procedures All Governors receive a Handbook to highlight their legal responsibilities, updated as necessary by the Bursar

Organisational structure

The Governors meet as a Board at least once a term to determine the general policy of the Company and to review its overall management and control, for which they are legally responsible The implementation of most of the Board's policies is carried out by the Finance and General Purposes Committee (chaired by Mr A J Phipps) and the Education Committee (chaired by Mr M J Higham) These Committees meet at least once a term, prior to the full Governors' Meeting, to review the budget, monthly management accounts, annual report and accounts and all other relevant matters The Health and Safety Committee (chaired by Mr D Arnold) reviews the School's work and leisure practices and monitors Risk Assessments

The day to day management of the School is delegated to the Head and the Bursar, supported by other members of the senior management team

Relationships

The School is an active member of the Independent Association of Prep Schools, the professional association for Heads and Deputy Heads of the leading 600 independent prep schools in the UK and worldwide Teaching members of the senior management team regularly attend discussion forums with their peers from other preparatory schools in the area in order to enhance the quality and scope of the lessons given within the School

A Parents' Committee meets regularly to organise and run social activities in order to raise funds for the promotion of the School In the year under review just under £12,000 was raised in this manner

The School regularly raises funds and goods through collections at Harvest Festival assemblies, House Cake sales and a Christmas appeal to support a number of local charities including the local RSPCA sanctuary, Oaktree Manor Residential Home, a local Hospice, the Fleetville Family Centre and a major charity chosen each academic year

The School makes its premises and facilities available to local organisations free of charge, amongst others the Radlett Youth Orchestra The School also gives local state schools free tickets to the annual Year 6 production

DIRECTORS' REPORT - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

The School has registered as an Eco-School, and has become part of an international group of schools working towards education for sustainable development and a better quality of life for local and global communities. The Eco-School scheme provides a framework to enable analysis of operations and assists the School to become a more sustainable community. By following this programme the School will become a more stimulating place in which to learn, whilst reducing the environmental impact on the community. The children's involvement is the key part of the programme and to this end they have been involved right from the start in activities such as producing ideas for recycling, reducing and re-using, decision making, monitoring and action planning. The School has now gained the Eco-School's Silver Award and is working towards the Green Flag award.

Risk management

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

OBJECTS, PUBLIC BENEFIT AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Company, in accordance with its Memorandum of Association, are to advance education in particular by establishing and carrying on in Great Britain (and any other countries) schools at or by means of which students may obtain education and instruction in all subjects whatsoever that may be included in a commercial, technical, scientific, classical or academic education, or may be conducive to knowledge of or skill in any trade, pursuant or calling. In the furtherance of these objects the Directors, as the Charity Trustees, have complied with the duty in s 4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

Strategic Aim and intended effect

The Board's strategic aim to reach its annual objective for the public benefit as a charitable Independent School is the attainment of the highest academic levels consistent with our wider-access admissions policy for helping pupils from lower-income or otherwise disadvantaged families to benefit from our fee-based schooling, whilst allowing all pupils to benefit from our extra-curricular clubs and activities. This is intended to draw out their abilities and academic potential, to develop wider interests in life, and to motivate them for a successful outcome at their chosen senior school.

Objectives and strategies for the year

The Board's main objective continues to be the promotion of high academic standards combined with financial prudence. The strategy for achieving this is to maintain good teacher-to-pupil ratios and to provide the resources deemed necessary by the Head, senior management team and Education Committee.

Principal activity

The principal activity of the School continues to be the provision of education for children aged between 3 and 11. The School is set in an attractive 10 acre site within easy reach of the M25, St Albans, Potters Bar and Cuffley, Radlett, Elstree, Stanmore and Edgware, and most other parts of north-west London.

DIRECTORS' REPORT - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

Grant-making

During the year 36 pupils benefited from the staff fee reduction scheme, multi-children discounts and bursaries, the last calculated on a means-tested basis for new awards. Such benefits reduced annual fee income by approximately £95,000.

Of this amount, bursaries totalling over £65,000 supported 16 pupils by the remission in part or in full of their fees, an increase of 30% over the previous year.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the School

The number of children attending the School was slightly above budget, with 391 pupils on roll in the main School at the academic year end and 30 in the Nursery, there was a substantial waiting list. Academic results were again extremely good, with many Year 6 children gaining scholarships for both academic and musical prowess. All Year 6 pupils moved forward to the secondary schools of their choice, both independent and state schools.

These achievements were greatly assisted by the high quality teaching staff we have been able to retain and recruit in the face of intense competition for this increasingly scarce resource from other schools in the locality.

The School was inspected by the Independent Schools' Inspectorate (ISI) in May 2009 and received a highly satisfactory report, with many of the School's activities being marked 'outstanding'.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Company's net income for the year of £118,906 (2009 £127,488) is set out in the statement of financial activities.

Reserves

Note 12 to the financial statements shows the assets and liabilities attributable to the various funds by type. The statement of financial activities summarises the movements on each fund. At the year end, unrestricted funds amounted to £2,389,613 but none of this is freely available because the funds are invested in fixed assets or are designated to cover capital expenditure planned for the future.

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

Over the past few years a provision of £750,000 has been created for future development costs. This was increased to £900,000 in the year under review, and an existing provision for major repairs amounting to £475,000 was increased to £625,000. The provision for future pension and superannuation set-aside costs of £255,000 was increased to £275,000.

DIRECTORS' REPORT - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

Capital expenditure

The need to maintain and enhance the infrastructure of the School resulted in capital expenditure for the year of £354,507, as summarised in Note 6 to the accounts. This included further expenditure on the new Dining Hall, further investment in new Sports Pitches and investment in a new extension to the Reception classrooms.

Investment policy

Cash balances are reviewed on a daily basis and all cash that is surplus to requirements is placed in an interest bearing deposit account.

Freehold properties

In the opinion of the Directors, the value of the freehold land and permanent buildings is more than the book value.

FUTURE PLANS

Planning consent for appropriate changing facilities for the new Sports Pitches was granted in August 2010. Building works will commence in the next academic year.

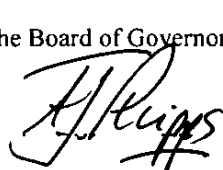
The School also intends to apply for planning consents to erect additional classroom facilities on adjacent ground to enable the School to comply with specific teaching requirements identified in the recent ISI Inspection.

AUDITORS

In accordance with Sections 485 and 487 of the Companies Act 2006, a resolution proposing the re-appointment of Messrs J Daniels & Co as Auditors to the Company will be put to the Annual General Meeting.

Approved by the Board of Governors on 3rd March 2011 and signed on its behalf by

A J Phipps
Chairman



Rectory Lane
Ridge Hill
Shenley, Radlett
Hertfordshire WD7 9BG

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31ST AUGUST 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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 a going concern basis unless it is inappropriate to presume that the Company will continue in business,

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

TO THE MEMBERS OF MANOR LODGE SCHOOL**FOR YEAR ENDED 31ST AUGUST 2010****REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANOR LODGE SCHOOL**

We have audited the Financial Statements of Manor Lodge School for the year ended 31st August 2010 on pages 8 to 14, which have been prepared under the historical cost convention and the accounting policies set out on Page 10

This report is made solely to the charity's trustees, 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 charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this audit report, or the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As described on page 1, the charity's trustees who are also the directors of Manor Lodge School for the purposes of company law, are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the Financial Statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

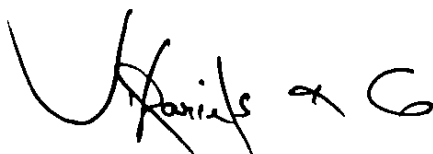
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates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

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the state of the charitable Company's affairs as at 31st August 2010 and of its incoming resources and application of resources including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 2006.

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



Date : 24/03/2011

Chartered Accountants and Registered Auditors

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST AUGUST 2010

	<u>Notes</u>	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>Total</u> <u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
INCOMING RESOURCES					
Fees Receivable		3,367,654	-	3,367,654	3,303,631
Registrations	2	8,100	-	8,100	8,400
Miscellaneous Income		295,945	-	295,945	280,579
Bank Interest		14,756	-	14,756	14,545
Donations	1(g)	1,310	-	1,310	2,000
Total Incoming Resources		3,687,765	-	3,687,765	3,609,155
RESOURCES EXPENDED					
Charitable Expenditure					
Teaching Costs		1,955,809	-	1,955,809	1,895,980
Housekeeping		221,782	-	221,782	252,347
Premises		791,737	-	791,737	797,189
Administration of the School		498,819	-	498,819	425,949
Restricted Funds - Depreciation		-	83	83	83
Finance and Other Costs		38,760	-	38,760	55,054
Management and Administration of the Charity		61,869	-	61,869	55,065
Total Resources Expended		3,568,776	83	3,568,859	3,481,667
NET INCOMING RESOURCES		118,989	(83)	118,906	127,488
Balances brought forward		2,270,624	2,882	2,273,506	2,146,018
BALANCES CARRIED FORWARD		<u>2,389,613</u>	<u>2,799</u>	<u>2,392,412</u>	<u>2,273,506</u>

The attached notes form part of these Accounts

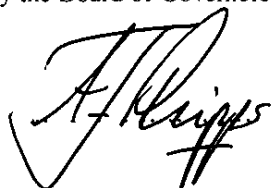
BALANCE SHEET

AS AT 31ST AUGUST 2010

	<u>Notes</u>	<u>£</u>	<u>2010</u> <u>£</u>	<u>£</u>	<u>2009</u> <u>£</u>
TANGIBLE FIXED ASSETS	6		4,698,461		4,565,811
CURRENT ASSETS					
Debtors	9	126,381		55,917	
Investments	8	585,317		468,750	
Cash at Bank and in hand		467,898		452,395	
			1,179,596	977,062	
CURRENT LIABILITIES					
Creditors Amounts due within one year	10	746,893		679,110	
NET CURRENT ASSETS/LIABILITIES			432,703		297,952
TOTAL ASSETS LESS CURRENT LIABILITIES			5,131,164		4,863,763
CREDITORS: Amounts due after more than one year	10		1,213,752		1,365,257
TOTAL NET ASSETS			<u>3,917,412</u>		<u>3,498,506</u>
RESTRICTED FUNDS					
Friends of Manor Lodge	7(a)		2,799		2,882
Provision for Major Repairs	7(b)		625,000		475,000
Provision for Development Costs	7(b)		900,000		750,000
Retained Income	7(c)		2,389,613		2,270,624
TOTAL FUNDS	12		<u>3,917,412</u>		<u>3,498,506</u>

Approved by the Board of Governors on 3rd March 2011 ~~2010~~ and signed on its behalf by

A J Phipps
Chairman



The attached notes form part of these Accounts

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2010

1. ACCOUNTING POLICIES

a. Basis of Preparation

The accounts are prepared under the Companies Act 2006 on the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, for Accounting and Reporting by Charities the Charities SORP 2005

b. Tangible Fixed Assets

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

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

c. Cash Flow Statement

The Company qualifies as a small company and as such is exempt from the requirement to prepare a cash flow statement under FRS1 (revised) Cash Flow Statement

d. Fees

Fees receivable consist of charges billed for the school year ended 31st August. Fees received for education to be provided in future years are carried forward as fees paid in advance.

e. Teaching Materials

Supplies of games equipment, books, stationery and sundry materials are written off as an expense as soon as the cost of procuring them is incurred.

f. Pension Schemes

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

g. Donations

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

2. OTHER INCOME

Registration Fees

2010
£
8,100

3. EXPENDITURE

Other expenditure includes
Auditor's Remuneration

2010
£
17,500

NOTES TO THE ACCOUNTS - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

4 ANALYSIS OF RESOURCES EXPENDED

	<u>Staff Costs</u> £	<u>Other</u> £	<u>Depreciation</u> £	<u>Total</u> £
Direct Charitable Expenditure				
Teaching Costs	1,827,619	128,190	-	1,955,809
Housekeeping	43,450	178,332	-	221,782
Premises	94,404	590,921	106,412	791,737
Administration of the School	196,434	187,023	115,362	498,819
Restricted Funds	-	-	83	83
Finance and Other Costs	-	38,760	-	38,760
Management and Administration of the Charity	61,869	-	-	61,869
	<u>2,223,776</u>	<u>1,123,226</u>	<u>221,857</u>	<u>3,568,859</u>

5. STAFF COSTS

	<u>2010</u> £	<u>2009</u> £
Social Security Costs	153,727	149,528
Wages and Salaries	1,851,789	1,731,921
Pension Costs	204,635	253,379
Other Staff Costs	13,625	9,209
	<u>2,223,776</u>	<u>2,144,037</u>

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

	<u>2010</u> <u>No.</u>	<u>2009</u> <u>No.</u>
Teaching and Administration	<u>79</u>	<u>78</u>

NOTES TO THE ACCOUNTS - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

6. TANGIBLE FIXED ASSETS

	<u>Computer Equipment</u>	<u>Equipment, Fixtures and Fittings Total</u>	<u>Freehold Property</u>	<u>Leasehold Land</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost or Valuation</u>					
As at 1st September 2009	301,876	769,498	4,940,388	60,365	6,072,127
Additions	25,521	93,085	163,120	72,781	354,507
As at 31st August 2010	327,397	862,583	5,103,508	133,146	6,426,634
<u>Depreciation</u>					
As at 1st September 2009	257,403	578,850	668,756	1,307	1,506,316
Charge for Year	28,530	86,832	100,793	5,702	221,857
As at 31st August 2010	285,933	665,682	769,549	7,009	1,728,173
<u>Net Book Value</u>					
As at 31st August 2009	<u>44,473</u>	<u>190,648</u>	<u>4,271,632</u>	<u>59,058</u>	<u>4,565,811</u>
As at 31st August 2010	<u>41,464</u>	<u>196,901</u>	<u>4,333,959</u>	<u>126,137</u>	<u>4,698,461</u>

7. FUNDS

	<u>Balance at 1-09-09</u>	<u>Incoming Resources</u>	<u>Depreciation/ Expenses</u>	<u>Balance at 31-08-10</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Friends of Manor Lodge School:				
Football Pitch	<u>2,882</u>	=	<u>83</u>	<u>2799</u>

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

- b) A further provision of £150,000 has been made for future Major Repairs and a further provision of £150,000 for future Building Development Costs

	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
c) Unrestricted Funds	<u>2,389,613</u>	<u>2,270,624</u>

The unrestricted funds are retained as necessary to cover working capital

NOTES TO THE ACCOUNTS - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

8. INVESTMENTS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Bank - Deposit Account	370,817	254,250
Bank - Parents Deposit	214,500	214,500
	<u>585,317</u>	<u>468,750</u>
9. DEBTORS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year		
Fees Receivable	14,729	10,100
Prepayments	48,893	39,768
Other Debtors	62,759	6,049
	<u>126,381</u>	<u>55,917</u>
10. CREDITORS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year		
Social Security payable and other Taxation	46,963	49,100
Other Creditors and Accruals	503,086	457,105
Fees Paid in Advance	196,844	172,905
	<u>746,893</u>	<u>679,110</u>
	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Amounts falling due after one year		
Long Term Mortgage 1	683,352	743,109
Long Term Mortgage 2	323,900	415,148
Deposits Held	206,500	207,000
	<u>1,213,752</u>	<u>1,365,257</u>

In December 2004 a 20 year variable rate mortgage was taken out with the School's bankers to assist with the purchase of the property and adjoining land at Shenley Lodge Cottage. This may be converted to a fixed rate mortgage at any time should this prove beneficial.

In July 2008 a second 20 year variable rate mortgage was taken out with the School's bankers to assist with the construction of a new dining hall. This is an offset mortgage whereby, provided that the funds in the School's current account exceed the outstanding principal amount, interest is charged at a minimal rate.

NOTES TO THE ACCOUNTS - continued

FOR THE YEAR ENDED 31ST AUGUST 2010

10 CREDITORS Continued

BANK SECURITY

The facilities provided by the bank are secured as follows -

Mortgage debenture 04/04/2003 executed by Manor Lodge School over all the assets of the company

First legal mortgage dated 04/04/2003 executed by Manor Lodge School over entire land and buildings at Manor Lodge School Rectory Lane, Ridge Hill, Shenley, Radlett, Herts WD7 9BG

First legal mortgage dated 26/09/2003 executed by Manor Lodge School over Shenley Lodge Cottage, Shenley, Radlett Herts

11. CHARITABLE STATUS

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

12 ALLOCATION OF THE CHARITY NET ASSETS

The net assets are held for the various funds as follows

	<u>Fixed Assets</u>	<u>Net Current Assets/ Liabilities</u>	<u>Long Term Liabilities</u>	<u>Provision for Development/ Repair Costs</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Restricted Funds					
Friends of Manor Lodge School	2,799	-	-	-	2,799
Provision for Major Repairs	-	-	-	625,000	625,000
Provision for Development costs				900,000	900,000
Unrestricted Funds					
Retained Income	<u>4,695,662</u>	<u>432,703</u>	<u>(1,213,752)</u>	<u>(1,525,000)</u>	<u>2,389,613</u>
	<u>4,698,461</u>	<u>432,703</u>	<u>(1,213,752)</u>	<u>-</u>	<u>3,917,412</u>

13. RELATED PARTY DISCLOSURES

There are no related party transactions to disclose