

**REPORT OF THE GOVERNORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006**  
**FOR**  
**BRYANSTON SCHOOL INCORPORATED**

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**BRYANSTON SCHOOL INCORPORATED**

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**for the year ended 31 August 2006**

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**BRYANSTON SCHOOL INCORPORATED**

**COMPANY INFORMATION**  
**for the year ended 31 August 2006**

**GOVERNORS:** The Rt Hon The Lord Phillips (Chairman)  
+S F Bowes  
\*Ms S A Buxton, MA, ACA  
R H Cox, BA  
+M L M Davies, MA, BA  
\*+Mrs S Foulser, BA  
Ms H A Fraser, BA (retired March 11 2006)  
\*G E T Granter, MA  
\*J R Greenhill, MA  
Mrs B H M Hollond, MA, RSA  
B Irvani, MA, FCA  
P L Kosminsky, MA, FRSA, FRTS (appointed March 11 2006)  
Ms E Labovitch, BA, MBA (retired March 11 2006)  
\*M Laurence,  
Mrs V M McDonough, MA  
\*R A Pegna, MA  
Dr H M Pharaoh, MBBS, DRCOG (appointed March 11 2006)  
D R W Potter, MA  
Dr M L Reynolds, BA, PhD  
Professor J F Smyth, MA, MD, MSc, FRCPE, FRCP  
P J Tobin, MA, FRSA  
\*+M A Wingate-Saul, MA

\*Members of the Finance and General Purposes Committee  
+Members of the Capital Projects Committee

**BURSAR AND SECRETARY  
TO THE GOVERNORS:** P G Speakman, BA

**HEAD:** Ms S J Thomas, BA, PGCE

**REGISTERED OFFICE:** Bryanston School  
Blandford Forum  
DT11 0PX

**REGISTERED NUMBER:** 226143 (England and Wales)

**REGISTERED CHARITY  
NUMBER:** 306210

**AUDITORS:** Fawcetts  
Chartered Accountants  
and Registered Auditors  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

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**BRYANSTON SCHOOL INCORPORATED**

**COMPANY INFORMATION**  
**for the year ended 31 August 2006**

Continued from page 1

**BANKERS:** HSBC Bank plc  
17 Market Place  
Blandford Forum  
DT11 7AG

**SOLICITORS:** Parker Bullen  
45 Castle Street  
Salisbury  
SP1 3SS

and

Farrer and Co  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

**INSURANCE BROKERS:** HSBC Insurance Brokers Limited  
Rockwood House  
9-17 Perrymount Road  
Haywards Heath  
West Sussex  
RH16 3DU

## BRYANSTON SCHOOL INCORPORATED

### REPORT OF THE GOVERNORS for the year ended 31 August 2006

The Governors present their report with the financial statements of the company for the year ended 31 August 2006 under the Charities Act 1993, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Act and the Charities SORP 2005.

#### REFERENCE AND ADMINISTRATIVE INFORMATION

##### Governors

The governors of the company in office at 31 August 2006 were as shown on page 1. The governors are the members of the company.

Under Article 55 the following Governors retire by rotation at the Annual General Meeting:

S F Bowes  
M L M Davies, MA, BA  
Mrs B H M Hollond, MA, RSA  
R A Pegna, MA  
Professor J F Smyth, MA, MD, MSc, FRCPE, FRCP  
M A Wingate-Saul, MA

##### Governing Document

The School was founded in 1927, and is governed by its Memorandum and Articles of Association, last varied by Special Resolution on 12 March 2005.

##### Recruitment and Training of Governors

The Governors' Nomination Committee considers the strength and balance of expertise within the Governing Body and makes recommendations from time to time to Council, most obviously at the Annual General Meeting, as to the recruitment of new Trustees.

As has been practice in recent years, new Governors were invited to spend a day at School, to meet staff and explore current issues. Two of the three Governors appointed in the last two years have taken this opportunity. From time to time, the Governors meet as a Think Tank with the teaching staff to develop future strategy.

The School has been represented at meetings of the Association of Governing Bodies of Independent Schools.

##### Organisational management

The Council of Management, Lord Phillips in the Chair, meets three times a year, at Bryanston. A number of Sub-committees support the work of the Council. The senior sub-committee is the Finance and General Purposes Sub-Committee, under the Chairmanship of Robin Pegna, which meets each term, some three to four weeks ahead of the Council meeting. The other principal sub committees are the Capital Projects Committee, chaired by Susan Foulser, the Salaries Committee, chaired by Michael Wingate-Saul and the Education Forum, chaired by Patrick Tobin, each of which meet two to three times a year.

The day to day running of the School is devolved to the Head, supported by the Bursar and the Senior Management Team.

##### Group structure and relationships

The School has a trading subsidiary company, shares in which are in the process of being transferred to the School, whose activities and trading performance are dealt with below.

##### Risk management

Risks are identified, assessed and controls established throughout the year by the School's Management Team, and a formal review is presented to the Finance and General Purposes Committee in February each year. The Council are satisfied that the major risks to which the charity is exposed are reviewed at least annually and systems have been established to mitigate these risks.

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## BRYANSTON SCHOOL INCORPORATED

### REPORT OF THE GOVERNORS for the year ended 31 August 2006

Continued from page 3

#### OBJECTS AND AIMS

##### Charitable objects

The Charity's object, as set out in the Memorandum, "*is to advance the education of boys and girls by the provision of a day and boarding school in or near Blandford Forum, Dorset*"

##### Aims and intended impact

The School provides boarding and day education to children between the ages of 13 and 19, it runs some holiday educational courses and a number of community based activities. The School's policy is to attain the highest academic standards as well as providing an extra-curricular programme which aims to develop life-long leisure interests and helps build self confidence and a desire to contribute to the community.

#### REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

89.7% of A level entries in 2006 obtained A, B or C grades, much improved on the figure of 82.4% obtained in 2005. Indeed, these results were the best achieved over the last five years. Whilst the headline GCSE results were perhaps not as spectacular, at 95.5% passes at A\*A B and C, compared with 97.6% in 2005, they were nevertheless very pleasing: 53.7% of entries were passes at A\* or A (47.1% in 2005)

The sustained quality of A Level teaching at Bryanston has been recognised by the Good Schools Guide who have awarded certificates to the School for the following results: the best results at AS Level achieved by boys taking Design/Technology and Product Design; the best results at A Level achieved by boys taking Art and Design (3D Studies) and the best results at AS Level achieved by girls taking Fine Art.

Indeed, the Art Department has had another successful year. Leavers last year obtained an impressive number of places on prestigious Art Foundation courses. No less than four students were offered places at Kingston, one at Chelsea, two at Wimbledon, one at Camberwell and one at Bristol UWE. We were pleased to have two of our students selected for the OCR A-level exhibition of excellence held in the Millennium Centre in Birmingham.

The Coade Hall was busy throughout the year. Whilst the School's productions of *The Dream of Gerontius* and the *Threepenny Opera* were obvious highlights, there was a high standard of production throughout the year; special mention might be made of the first B play.

The music at Bryanston maintained a high standard throughout. Over and above all the local music-making, a string trio got through to the final of the National Chamber Music Competition and the school choirs returned to St Paul's Knightsbridge for the autumn concert. Four pupils achieved distinctions at Grade 8.

The Pioneering programme continued to involve pupils in a range of activities designed to be of benefit to the pupils themselves, the School and the local community. The School maintains its links with The Friends of Blandford Community Hospital and we have a number of pupils completing volunteer work in Blandford and in primary schools in surrounding villages. The Tuesday Club provides a link with the more 'senior' residents in the local area and our work with disabled children in the swimming pool and in the Sports Hall provides ample evidence of the importance of maintaining a wider perspective to Pioneering, over and above honing bricklaying skills - which we still do!

£600 was raised for the charity *Jeans for Genes*, £281 was raised by Salisbury House for *Aspire*, a spinal injury charity, and £1195 was raised for Pakistan earthquake victims and a further £595 to *Médecins sans Frontières* for their work in the Sudan. The Charities Fair in November raised about £5,000 for our work in Nepal with street children and trafficked girls. The first A2 Charities Day raised £2,500 for charities operating in Rwanda and a further £4,000 plus was raised for other school charities, in particular *Future Hope in Calcutta*.

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## BRYANSTON SCHOOL INCORPORATED

### REPORT OF THE GOVERNORS for the year ended 31 August 2006

Continued from page 4

#### REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR (Continued)

Over and above all these academic and extra-curricular success, sport at Bryanston over the last twelve months has been outstanding. We produced two South West athletics champions; the girls hockey 1st XI had arguably their best season to date, losing just one match, to the Hampshire County Champions; the boys hockey 1st XI were beaten just once, and for the first time since 1999 Bryanston were County Champions at both U18 and U16 level of the National Schools' Hockey Cup. This year's Devizes to Westminster kayak race saw Bryanston crews paddling under Westminster Bridge together, placed 4th and 7th. In netball, Bryanston were Dorset County Champions in the Under-19 age group, runner's up in the Under-16 age group and 3rd in the Under-15 age group. The Boat Club finished with nine wins in regatta events, and had accumulated many runners-up places over the year.

This was one of the finest seasons that the rugby club has ever had. This year's 1st XV was amongst the most talented of recent years and their record of played 12 won 12 speaks for itself. With this record, it is hardly surprising that the team were recognised nationally for this unbeaten run and the opposition they beat along the way by being awarded Rugby World Team of the Term for 2005 as well as being named Team of the Month in January 2006. Two boys played for England U-18 and one boy for Australia U-18. The sevens team reached the quarter finals stage at Rosslyn Park.

On a pastoral front, the Commission for Social Care Inspection, reporting upon their two day visit in November 2005, recognised that the School had addressed all the recommendations made following the last inspection, identified a number of strengths in the School's organisation and made three recommendations, all of which have already been implemented.

The Science School is progressing well. The Duke of Gloucester laid the Foundation Stone in November 2005, and the building is near to being on both programme and budget. The accommodation in the Salisbury House "roof" has been significantly improved; two new staircases, new social spaces and more bathrooms have been created. A start has been made on replacing the all-weather carpet on the old 'Potter Astro' hockey pitch and the adjoining C-J Courts have been resurfaced and protectively coated. A new Climbing Tower, in the woods near to the Phoenix Pavilion, has been constructed.

Smaller projects completed include the refurbishment of 4 The Lynchets, the second stage in the modernisation of all four of these houses, a complete renovation of the Phoenix Pavilion, alterations to the foyer and cloakrooms in the Coade Hall, the re-design and improvements to the foyer in the Sports Centre where we have also created a Weights Room, and - a job not for the fainthearted - the reconstruction and redecoration of the Dome over the Main Hall.

During the holidays record numbers of visitors came to Bryanston. As well as providing a number of opportunities for the community, of which we are a part, to use our facilities, hosting the Dorset Youth Games for example, we strengthened our links with our regular visitors, most obviously the charity Over The Wall, which provides week long holidays at Bryanston for children with serious - often terminal - illnesses.

#### FINANCIAL REVIEW

##### Summary

The results for the year and financial position of the company are shown in the annexed financial statements. The Governors consider that the result for the year was satisfactory and are confident that the financial position of the company will remain strong in the future. The retained surplus transferred to reserves will be £1,349,456.

Total income was up by 5.7% on last year, and expenditure by a similar percentage. Whilst the operating surplus remained at 8.0% of fee income, the net surplus rose from £1,079,773 (8.6%) to £1,349,456 (10.2%).

##### Reserves

The School does not carry free funds. The governors' policy is to invest in capital assets to keep the School at the forefront of the independent school sector. This is partly financed by current borrowing, which is the most cost-effective method of funding fixed assets consistent with the School's cash flow profile.

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## **BRYANSTON SCHOOL INCORPORATED**

### **REPORT OF THE GOVERNORS for the year ended 31 August 2006**

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#### **Investment powers**

The Governors are empowered to invest the monies of the School not immediately required for its purposes, in or upon such investments, securities or property as may be thought fit but so that monies subject to or representing property subject to the jurisdiction of the Charity Commissioners shall only be invested in such securities and with such sanction (if any) as may for the time being be prescribed by law.

#### **Asset cover for funds**

Note 19 to the accounts sets out an analysis of the assets attributable to the School's funds. These assets are sufficient to meet the School's obligations on a fund by fund basis.

### **EMPLOYMENT ISSUES**

#### **Employees**

Arrangements exist to keep all employees informed on matters of concern to them and information on the School's performance and prospects is disseminated widely.

#### **Employment of people with disabilities**

It is the School's policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. Depending on their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realising potential.

### **PLANS FOR THE FUTURE**

The Governors have determined that renewed efforts will be put into a sustained Development Campaign, both to support initiatives within the School and to fund bursaries and scholarships. The building of a new Music School is planned; architects are to be engaged this coming year. Work will continue on the refurbishment of the boarding accommodation, centring on Allan House in the immediate future.

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

Law applicable to incorporated charities in England and Wales requires the governors (who are also directors of the company and trustees of the charity) 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 group and its financial activities for that period. In preparing those financial statements, the governors 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 presume that the company and the group will continue in operation.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the governors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each governor has taken all the steps that he or she ought to have taken as a governor in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Continued on page 7



**BRYANSTON SCHOOL INCORPORATED**

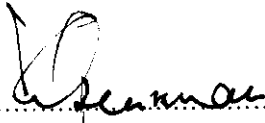
**REPORT OF THE GOVERNORS  
for the year ended 31 August 2006**

Continued from page 6

**AUDITORS**

The auditors, Fawcetts, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE COUNCIL OF GOVERNORS:**



.....  
P G Speakman - Secretary

Dated:..... 18 Nov 2006 .....

**BRYANSTON SCHOOL INCORPORATED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BRYANSTON SCHOOL INCORPORATED**

We have audited the financial statements of Bryanston School Incorporated for the year ended 31 August 2006 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of governors and auditors**

The governors' (who are also the directors of Bryanston School Incorporated for the purposes of company law and trustees of the charity) responsibilities for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Governors' Responsibilities on page 6. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you if, in our opinion, the Report of the Governors is not consistent with the financial statements, if the charity 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 charitable company is not disclosed.

We read other information contained in the Report of the Governors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Governors 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the group as at 31 August 2006 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Governors is consistent with the financial statements.

  
Fawcetts  
Chartered Accountants  
and Registered Auditors  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

Dated: 3 January 2007

**BRYANSTON SCHOOL INCORPORATED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 August 2006**

	Notes	Unrestricted £	Restricted £	Total £	2005 £
<b>INCOMING RESOURCES</b>					
<b>Income from charitable activities</b>					
Fees receivable	2	13,150,597	-	13,150,597	12,448,156
Other income	5	618,804	-	618,804	570,452
<b>Income from generated funds</b>					
Donations	18	85,897	142,449	228,346	187,741
Activities for generating funds:					
Trading income	3	971,291	-	971,291	998,312
Rent receivable		27,004	-	27,004	23,512
Investment income	4	<u>101,543</u>	-	<u>101,543</u>	<u>139,869</u>
<b>Total incoming resources</b>		<u>14,955,136</u>	<u>142,449</u>	<u>15,097,585</u>	<u>14,368,042</u>
<b>RESOURCES EXPENDED</b>					
<b>Charitable Activities:</b>					
School operating costs		12,914,457	19,687	12,934,144	12,544,262
<b>Governance costs</b>		12,203	-	12,203	13,396
<b>Costs of generating funds:</b>					
Trading expenses		681,361	-	681,361	707,715
Finance and other costs		<u>74,309</u>	-	<u>74,309</u>	<u>50,284</u>
		<u>755,670</u>	-	<u>755,670</u>	<u>757,999</u>
<b>Total resources expended</b>	8	<u>13,682,330</u>	<u>19,687</u>	<u>13,702,017</u>	<u>13,315,657</u>
<b>NET INCOMING RESOURCES</b>		1,272,806	122,762	1,395,568	1,052,385
Realised investment losses		<u>(3,679)</u>	-	<u>(3,679)</u>	<u>(12,292)</u>
<b>NET INCOME FOR THE YEAR</b>		1,269,127	122,762	1,391,889	1,040,093
Unrealised investment gains/(losses)	10	<u>(42,433)</u>	-	<u>(42,433)</u>	<u>39,680</u>
<b>NET MOVEMENT IN FUNDS</b>		1,226,694	122,762	1,349,456	1,079,773
Fund balances brought forward at 1 September 2005		<u>14,014,848</u>	<u>261,790</u>	<u>14,276,638</u>	<u>13,196,865</u>
<b>FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2006</b>		<u>15,241,542</u>	<u>384,552</u>	<u>15,626,094</u>	<u>14,276,638</u>

The financial activities set out above are those of the company other than the trading income of £971,291 and trading expenditure of £681,361 producing a surplus of £289,930.

**CONTINUING OPERATIONS**


None of the group's activities were acquired or discontinued during the current and previous years.

**BRYANSTON SCHOOL INCORPORATED**

**BALANCE SHEETS**  
31 August 2006

		Consolidated		School	
	Notes	2006 £	2005 £	2006 £	2005 £
<b>FIXED ASSETS:</b>					
Tangible assets	9	20,138,300	16,626,556	20,070,598	16,565,870
Investments	10	<u>1,272,787</u>	<u>1,654,689</u>	<u>1,272,787</u>	<u>1,654,689</u>
		<u>21,411,087</u>	<u>18,281,245</u>	<u>21,343,385</u>	<u>18,220,559</u>
<b>CURRENT ASSETS:</b>					
Stocks	11	196,728	189,611	37,679	35,433
Debtors	12	741,877	658,595	850,606	639,546
Cash at bank and in hand		<u>5,230</u>	<u>2,959</u>	<u>5,130</u>	<u>2,959</u>
		<u>943,835</u>	<u>851,165</u>	<u>893,415</u>	<u>677,938</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(5,349,548)</u>	<u>(3,677,994)</u>	<u>(5,231,426)</u>	<u>(3,444,081)</u>
<b>NET CURRENT LIABILITIES:</b>		<u>(4,405,713)</u>	<u>(2,826,829)</u>	<u>(4,338,011)</u>	<u>(2,766,143)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		<u>17,005,374</u>	<u>15,454,416</u>	<u>17,005,374</u>	<u>15,454,416</u>
<b>CREDITORS: Due after more than one year</b>					
Advance fees	14	<u>(1,379,280)</u>	<u>(1,177,778)</u>	<u>(1,379,280)</u>	<u>(1,177,778)</u>
		<u>£15,626,094</u>	<u>£14,276,638</u>	<u>£15,626,094</u>	<u>£14,276,638</u>
<b>RESERVES:</b>					
Restricted funds	18	384,552	261,790	384,552	261,790
Unrestricted funds	19	<u>15,241,542</u>	<u>14,014,848</u>	<u>15,241,542</u>	<u>14,014,848</u>
		<u>£15,626,094</u>	<u>£14,276,638</u>	<u>£15,626,094</u>	<u>£14,276,638</u>

**ON BEHALF OF THE COUNCIL OF GOVERNORS:**

  
.....  
The Rt Hon The Lord Phillips - Chairman

Approved by the Council of Governors on 18 Nov 2006 .....

The notes form part of these financial statements

**BRYANSTON SCHOOL INCORPORATED**

**CASH FLOW STATEMENT  
for the year ended 31 August 2006**

		2006		2005	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	23		3,074,886		1,273,456
<b>Returns on investments and servicing of finance</b>	24		27,234		89,585
<b>Capital expenditure</b>	24		(3,594,332)		(2,109,360)
			<hr/>		<hr/>
<b>Decrease in cash in the period</b>			<u>(492,212)</u>		<u>(746,319)</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	25				
<b>Decrease in cash in the period</b>			(492,212)		(746,319)
Cash outflow from decrease in debt and lease financing			-		-
			<hr/>		<hr/>
Change in net debt resulting from cash flows			(492,212)		(746,319)
<b>Movement in net debt in the period</b>			(492,212)		(746,319)
<b>Net debt at 1 September 2005</b>			<u>(691,160)</u>		<u>55,159</u>
<b>Net debt at 31 August 2006</b>			<u>(1,183,372)</u>		<u>(691,160)</u>

The notes form part of these financial statements

## BRYANSTON SCHOOL INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2006

#### I. ACCOUNTING POLICIES

##### **Accounting convention**

The accounts of the School are prepared in accordance with The Charities (Accounts and Reports) Regulations 2000, the Statement of Recommended Practice on Accounting and Reporting by Charities: Charities SORP 2005 and with applicable accounting standards. The financial statements are drawn up on the historical accounting basis except that investment assets are carried at market value.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the School and its subsidiary undertaking. A separate statement of financial activities for the School itself is not presented because the School has taken advantage of the exemptions afforded by paragraph 397 of the Charities SORP 2005.

##### **Fees and similar income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions allowed by the School, but include contributions received from Bursaries and other trusts.

##### **Donations and fund accounting**

Donations received for the general purposes of the School are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to "restricted funds" where these wishes are legally binding on the Governors.

##### **Resources expended**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the SOFA. The irrecoverable element of VAT is included with the item of expense to which it relates.

##### **Investments and investment income**

Investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA. Investment income is accounted for on an accruals basis.

##### **Tangible fixed assets**

Expenditure on fixed assets is capitalised except for expenditure incurred on the replacement of assets of low value with a short life. Repair, renovation and replacement expenditure is written off as expenditure in the statement of financial activities. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Land is not depreciated. Buildings are depreciated at rates between 1% and 4% per annum on cost or over the remaining useful life if shorter. Plant, furniture and other equipment is depreciated at rates between 4% and 33% per annum on cost.

##### **Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Operating leases**

Rentals paid under operating leases are charged on a time basis over the lease term.

##### **Pensions**

The School contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the School by the Scheme Administrator. The School also operates a group personal pension scheme for non teaching staff.

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 August 2006**

**1. ACCOUNTING POLICIES (Continued)**

**Advance fees scheme**

The School offers parents the opportunity to pay for up to five years tuition fees in advance in accordance with a written contract. The amount received is invested and interest is accrued to contracts. This is treated as deferred income until the pupil joins the School whereupon the prepaid amount for each term is charged against the remaining balance and taken to income. Any shortfall is treated as a deduction from School fee income and any excess accrued is treated as additional School income.

**2. INCOME**

	2006 £	2005 £
Fees receivable consist of:		
Gross fees	14,418,474	13,588,640
Less: Total bursaries, grants and allowances	<u>1,349,051</u>	<u>1,215,077</u>
	13,069,423	12,373,563
Add back: Scholarships, grants etc. paid for by Trust Funds	<u>81,174</u>	<u>74,593</u>
	<u><u>13,150,597</u></u>	<u><u>12,448,156</u></u>

**3. TRADING INCOME**

The commercial activities at the School are carried out by a separate company, Bryanston Conference Centre Limited, a company registered in England. The School holds no shares in the company but it is controlled by the School's governors and its annual profit is paid to the School by deed of covenant. Its trading results, extracted from its audited accounts were:

	2006 £	2005 £
Turnover	971,291	998,312
Cost of sales	<u>436,237</u>	<u>488,106</u>
Gross profit	535,054	510,206
Administrative expenses	<u>234,907</u>	<u>219,609</u>
Operating profit	300,147	290,597
Interest payable and similar charges	<u>10,217</u>	<u>10,907</u>
Net profit	289,930	279,690
Covenant - gross	<u>289,930</u>	<u>279,690</u>
Retained profit	<u><u>-</u></u>	<u><u>-</u></u>
Extract from Balance Sheet as at 31 August 2006:		
Fixed assets	67,702	60,686
Net current liabilities	<u>(67,700)</u>	<u>(60,684)</u>
Net assets	<u><u>2</u></u>	<u><u>2</u></u>

**4. INVESTMENT INCOME**

	2006 £	2005 £
Bank deposit interest	14,479	31,030
Investment income	76,847	97,932
Interest on amount due from Bryanston Conference Centre Limited	<u>10,217</u>	<u>10,907</u>
	<u><u>101,543</u></u>	<u><u>139,869</u></u>

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 August 2006

<b>5.</b>	<b>OTHER INCOME</b>	2006	2005
		£	£
	Summer courses	58,900	35,965
	Registration and other fees	40,530	42,048
	Day pupils accommodated	24,016	21,000
	Miscellaneous income	33,853	33,682
	Special tuition	307,576	287,715
	Equestrian income	85,938	80,889
	Catering income	<u>67,991</u>	<u>69,153</u>
		<u>618,804</u>	<u>570,452</u>

<b>6.</b>	<b>STAFF COSTS</b>	2006	2005
		£	£
	Wages and salaries	7,533,453	7,214,503
	Social security costs	626,547	599,685
	Other pension costs	<u>602,434</u>	<u>579,858</u>
		<u>8,762,434</u>	<u>8,394,046</u>

The average number of employees during the year, calculated on a full time equivalent basis, was as follows:

	2006	2005
	No.	No.
Teaching staff	154	154
Other employees	<u>163</u>	<u>163</u>
	<u>317</u>	<u>317</u>

	2006	2005
	£	£
Governors' expenses reimbursed	<u>2,820</u>	<u>4,014</u>
Numbers of governors receiving expenses	<u>9</u>	<u>14</u>

This represents the reimbursement of travel and accommodation expenses.

With the exception of the above, neither the governors nor persons connected with them received any remuneration or other material benefits from the School or any connected organisation.

The number of employees whose emoluments exceeded £60,000 were:

	2006	2005
	No.	No.
£60,001 - £70,000	3	2
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£120,001 - £130,000	1	1

The number with retirement benefits accruing in:

- Money Purchase schemes was	2	2
for which the contributions amounted to	£15,300	£15,180
- Defined benefit schemes was	3	2



**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2006**

**7. EXPENDITURE**

Expenditure includes:

	2006	2005
	£	£
Auditor's remuneration - audit services	14,786	13,787
Depreciation - owned assets	898,205	872,229
Operating lease rentals		
Plant and machinery	2,996	5,880
Land and buildings	16,750	16,750
Exceptional item	<u>76,050</u>	<u>-</u>

**Exceptional item**

The exceptional item relates to the outcome of an enquiry by the Office of Fair Trading ("OFT") into the exchange of cost and fee information between independent schools. The OFT approached a number of schools, including Bryanston, during the course of its enquiry. The School co-operated fully and openly with the enquiry. The OFT found that the exchange of information was in breach of competition law. Each school involved agreed to pay a nominal penalty of £10,000 together with a share of an ex gratia contribution to a charitable educational fund to benefit the pupils who attended the schools during the relevant academic years. Bryanston's share of the ex gratia contribution is £66,050.

**8. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs	Other	Depreciation	Total
	£	£	£	£
<b>Charitable activities</b>				
School operating costs:				
Teaching costs	5,601,179	719,845	225,943	6,546,967
Welfare	1,731,802	1,135,218	67,648	2,934,668
Premises	725,626	1,210,953	566,749	2,503,328
Management and administration	522,419	386,660	21,052	930,131
Grants, awards and prizes	-	19,050	-	19,050
	<u>8,581,026</u>	<u>3,471,726</u>	<u>881,392</u>	<u>12,934,144</u>
<b>Governance costs</b>	-	12,203	-	12,203
	8,581,026	3,483,929	881,392	12,946,347
<b>Costs of generating funds:</b>				
Trading costs of the subsidiary	181,408	483,140	16,813	681,361
Finance and other costs	-	74,309	-	74,309
	<u>181,408</u>	<u>557,449</u>	<u>16,813</u>	<u>754,670</u>
<b>Total for group</b>	<u>8,762,434</u>	<u>4,041,378</u>	<u>898,205</u>	<u>13,702,017</u>

**BRYANSTON SCHOOL INCORPORATED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2006**

9. **TANGIBLE FIXED ASSETS**

<b>Consolidated</b>	Freehold land and buildings	Plant, furniture and other equipment	Totals
	£	£	£
<b>COST:</b>			
At 1 September 2005	17,967,679	3,112,432	21,080,111
Additions	4,093,881	316,068	4,409,949
Disposals	<u>-</u>	<u>(350,740)</u>	<u>(350,740)</u>
At 31 August 2006	<u>22,061,560</u>	<u>3,077,760</u>	<u>25,139,320</u>
<b>DEPRECIATION:</b>			
At 1 September 2005	2,078,761	2,374,794	4,453,555
Charge for year	533,599	364,606	898,205
Eliminated on disposals	<u>-</u>	<u>(350,740)</u>	<u>(350,740)</u>
At 31 August 2006	<u>2,612,360</u>	<u>2,388,660</u>	<u>5,001,020</u>
<b>NET BOOK VALUE:</b>			
At 31 August 2006	<u>19,449,200</u>	<u>689,100</u>	<u>20,138,300</u>
At 31 August 2005	<u>15,888,918</u>	<u>737,638</u>	<u>16,626,556</u>

9. **TANGIBLE FIXED ASSETS**

<b>School</b>	Freehold land and buildings	Plant, furniture and other equipment	Totals
	£	£	£
<b>COST:</b>			
At 1 September 2005	17,925,780	3,019,184	20,944,964
Additions	4,093,881	292,239	4,386,120
Disposals	<u>-</u>	<u>(333,389)</u>	<u>(333,389)</u>
At 31 August 2006	<u>22,019,661</u>	<u>2,978,034</u>	<u>24,997,695</u>
<b>DEPRECIATION:</b>			
At 1 September 2005	2,068,705	2,310,389	4,379,094
Charge for year	531,923	349,469	881,392
Eliminated on disposals	<u>-</u>	<u>(333,389)</u>	<u>(333,389)</u>
At 31 August 2006	<u>2,600,628</u>	<u>2,326,469</u>	<u>4,927,097</u>
<b>NET BOOK VALUE:</b>			
At 31 August 2006	<u>19,419,033</u>	<u>651,565</u>	<u>20,070,598</u>
At 31 August 2005	<u>15,857,075</u>	<u>708,795</u>	<u>16,565,870</u>

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2006**

**10. INVESTMENTS**

	2006	2005
	£	£
Balance as at 1 September 2005	1,581,739	1,654,229
Additions	-	215,332
Disposals at opening market value	(337,549)	(327,502)
Revaluations	<u>(42,433)</u>	<u>39,680</u>
Government, UK and European fixed interest stock (historic cost £1,267,958)	1,201,757	1,581,739
Accrued interest	48,622	68,938
Cash deposits	<u>22,408</u>	<u>4,012</u>
Balance at 31 August 2006	<u><u>1,272,787</u></u>	<u><u>1,654,689</u></u>

**11. STOCKS**

	<u>Consolidated</u>		<u>School</u>	
	2006	2005	2006	2005
	£	£	£	£
Maintenance, domestic and catering stock	37,679	35,433	37,679	35,433
Stock of goods for resale	<u>159,049</u>	<u>154,178</u>	<u>-</u>	<u>-</u>
	<u><u>196,728</u></u>	<u><u>189,611</u></u>	<u><u>37,679</u></u>	<u><u>35,433</u></u>

**12. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	<u>Consolidated</u>		<u>School</u>	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	656,755	589,470	294,876	258,536
Other debtors	35,784	32,486	35,784	32,486
Prepayments	49,338	36,639	49,338	36,639
Amount due from Bryanston Conference Centre Limited	<u>-</u>	<u>-</u>	<u>470,608</u>	<u>311,885</u>
	<u><u>741,877</u></u>	<u><u>658,595</u></u>	<u><u>850,606</u></u>	<u><u>639,546</u></u>

**13. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	<u>Consolidated</u>		<u>School</u>	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts (see note 15)	1,211,010	698,131	1,347,205	697,975
Trade creditors	1,533,142	1,128,007	1,356,881	969,741
Other creditors	401,515	383,423	328,909	314,945
Fees received in advance	1,200,698	731,547	1,200,698	731,547
PAYE and national insurance	198,349	192,398	198,349	192,398
Accrued expenses	133,716	85,969	128,266	78,956
Advance fees scheme (see note 14)	<u>671,118</u>	<u>458,519</u>	<u>671,118</u>	<u>458,519</u>
	<u><u>5,349,548</u></u>	<u><u>3,677,994</u></u>	<u><u>5,231,426</u></u>	<u><u>3,444,081</u></u>

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2006**

**14. ADVANCE FEES SCHEME**

Parents may enter into a contract to pay the School up to the equivalent of five years' tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one year's notice. Assuming pupils will remain in the School, advance fees will be applied as follows:

	2006 £	2005 £
After 5 years	130,219	195,260
Within 2 to 5 years	784,608	613,338
Within 1 to 2 years	<u>464,453</u>	<u>369,180</u>
	1,379,280	1,177,778
Within 1 year	<u>671,118</u>	<u>458,519</u>
	<u>2,050,398</u>	<u>1,636,297</u>
		£
Balance at 1 September 2005		1,636,297
New contracts		<u>857,347</u>
		2,493,644
Amounts utilised in payment of fees:		
To the school		<u>466,100</u>
		2,027,544
Discount accrued		<u>22,854</u>
		<u>2,050,398</u>

**15. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	<u>Consolidated</u>		<u>School</u>	
	2006 £	2005 £	2006 £	2005 £
Amounts falling due within one year or on demand:				
Bank overdraft	<u>1,211,010</u>	<u>698,131</u>	<u>1,347,205</u>	<u>697,975</u>

**16. OBLIGATIONS UNDER LEASING AGREEMENTS**

The following payments are committed to be paid within one year:

	<u>Consolidated Operating leases</u>		<u>School Operating leases</u>	
	2006 £	2005 £	2006 £	2005 £
Expiring:				
Between one and five years - plant	<u>2,996</u>	<u>2,996</u>	<u>2,996</u>	<u>2,996</u>
Over five years - land and buildings	<u>16,750</u>	<u>16,750</u>	<u>16,750</u>	<u>16,750</u>

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2006**

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	Consolidated		School	
	2006 £	2005 £	2006 £	2005 £
Bank loans and overdraft	<u>1,211,010</u>	<u>698,131</u>	<u>1,347,205</u>	<u>697,975</u>

The bank loans and overdraft are secured by a fixed charge on the company's freehold property.

**18. RESTRICTED FUNDS**

	Balance at 1 September 2005 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 August 2006 £
Development Appeal	62,638	58,602	-	-	121,240
Creative Centre	100,000	50,000	-	-	150,000
Science School	46,625	-	-	-	46,625
Estates	13,102	230	(182)	-	13,150
Scholarships	38,350	32,582	(19,050)	-	51,882
Music	130	1,035	-	-	1,165
Teaching	945	-	(455)	-	490
	<u>261,790</u>	<u>142,449</u>	<u>(19,687)</u>	<u>-</u>	<u>384,552</u>

The Development Appeal represents donations to be used for the future development of the School.

The Creative Centre fund represents donations received for construction of the new Creative Centre building.

The Science School fund represents donations received for the new science school development scheduled to start in 2005.

The Estates, Scholarships, Bryanston Centre, Music and Teaching restricted funds represent donations to the School where the donor has requested that the funds be used in these areas.

**19. ALLOCATION OF THE CHARITY NET ASSETS**

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

	Fixed assets and investments £	Net current liabilities £	Long term liabilities £	Total £
Unrestricted	21,411,087	(4,790,265)	(1,379,280)	15,241,542
Restricted	-	<u>384,552</u>	-	<u>384,552</u>
	<u>21,411,087</u>	<u>(4,405,713)</u>	<u>(1,379,280)</u>	<u>15,626,094</u>

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2006**

**19. ALLOCATION OF THE CHARITY NET ASSETS (Continued)**

**UNRESTRICTED FUNDS**

	Balance at 1 September 2005 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 August 2006 £
Income and expenditure account	14,014,848	13,983,845	(13,047,081)	289,930	15,241,542
Trading company assets	-	971,291	(681,361)	(289,930)	-
	<u>14,014,848</u>	<u>14,955,136</u>	<u>(13,728,442)</u>	<u>-</u>	<u>15,241,542</u>

**20. PENSION COMMITMENTS**

The teaching staff have the option to be members of a defined benefit pension scheme operated by the Teachers' Pension Agency. For other employees, the company operates a group personal pension plan.

The total pension cost for the company was £602,434 (2005 £599,685) of which £107,530 (2005 £109,050) relates to the company's group personal pension plan.

There were outstanding contributions at the balance sheet date of £72,888 (2005 £69,715) in respect of contributions due for the month of August paid over to the pension scheme administrators in September.

**Teachers' Superannuation Scheme**

The School participates in a multi employer defined benefits pension scheme, the Teachers' Pension Scheme (England and Wales) ("the scheme"), for the teaching staff. As a result it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to Schools.

The last report by the Government Actuary (GA) covered the period 1 April 1996 to 31 March 2001. The valuation statement as at 31 March 2001 made in March 2003 revealed that the total liabilities of the scheme (the estimated cost of past and future service benefits of existing members) amounted to £142,880 million.

In accordance with the Teachers' Pension (Amendment) Regulations 2002, the actuarial review assumed that the value of the scheme assets equalled the value of the scheme liabilities at 31 March 2001. The scheme assets at 31 March 2001 consisted of future contributions in respect of existing members valued at £40,870 million and a balance of £102,010 million in the Teachers' Pension Account being a notional investment.

The actuarial review assumed that the real rate of return on the notional investment is 3.5% in excess of price increases and 2% in excess of general earnings increases, therefore assuming a rate of real earnings growth of 1.5%. The assumed long term gross rate of return is 7%.

Following this report the standard contribution rate was increased from 14.35% to 19.5% from 1 April 2003. 6% is paid by the teachers and the remaining 13.5% borne by the School.

During the year the School made contributions of £482,267 (2005 - £458,760) to the scheme. The School's contributions represent a minor proportion of the payments into the scheme.

**21. STATUS**

The company is limited by guarantee and does not have a share capital. The liability of members in the event of a winding up is limited by guarantee to an amount not exceeding £1 per member. At the balance sheet date there were 20 members (2005 - 20).

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS**  
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22. **CAPITAL COMMITMENTS**

	2006	2005
	£	£
Contracted for but not provided for in the financial statements	2,849,039	6,283,814
Authorised but not contracted for	<u>-</u>	<u>166,975</u>

23. **RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS**

	2006	2005
	£	£
Net incoming resources	1,395,568	1,052,385
Depreciation charges	898,205	872,229
Profit on disposal of tangible fixed assets	-	(8,550)
Bank and other interest	(101,543)	(139,869)
Decrease in accrued investment interest	20,316	2,394
Finance and other costs	74,309	50,284
(Increase)/Decrease in stocks	(7,117)	12,795
Increase in debtors	(83,282)	(110,548)
Increase/(Decrease) in creditors	464,329	(258,950)
Increase/(Decrease) in advance fees scheme creditor	<u>414,101</u>	<u>(198,714)</u>
<b>Net cash inflow from operating activities</b>	<u><b>3,074,886</b></u>	<u><b>1,273,456</b></u>

24. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2006	2005
	£	£
<b>Returns on investments and servicing of finance</b>		
Bank and other interest	101,543	139,869
Finance and other costs	<u>(74,309)</u>	<u>(50,284)</u>
Net cash inflow for returns on investments and servicing of finance	<u>27,234</u>	<u>89,585</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(3,938,121)	(2,217,788)
Purchase of investments	-	(215,332)
Sale of tangible fixed assets	-	8,550
Sale of investments	<u>343,789</u>	<u>315,210</u>
Net cash outflow for capital expenditure	<u>(3,594,332)</u>	<u>(2,109,360)</u>

**BRYANSTON SCHOOL INCORPORATED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2006

25. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.9.05	Cashflow	At 31.8.06
	£	£	£
Net cash			
Cash in hand, at bank	2,959	2,271	5,230
Investment bank accounts	4,012	18,396	22,408
Overdrafts	<u>(698,131)</u>	<u>(512,879)</u>	<u>(1,211,010)</u>
<b>Total</b>	<u>(691,160)</u>	<u>(492,212)</u>	<u>(1,183,372)</u>
 <b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	2,959		5,230
Bank overdraft	(698,131)		(1,211,010)
Investments	<u>4,012</u>		<u>22,408</u>
	<u>(691,160)</u>		<u>(1,183,372)</u>