

**REPORT OF THE GOVERNORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008
FOR
BRYANSTON SCHOOL INCORPORATED**

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BRYANSTON SCHOOL INCORPORATED

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for the year ended 31 August 2008**

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BRYANSTON SCHOOL INCORPORATED

COMPANY INFORMATION
for the year ended 31 August 2008

GOVERNORS: The Rt Hon The Lord Phillips (Chairman) (retired 31 August 2008)
R H Cox, BA (Chairman from 1 September 2008)
S F Bowes
Ms S A Buxton, MA, ACA
J A T Conran, DCL, DLit
The Right Reverend S D Conway, MA, BA
M L M Davies, MA, BA
Mrs S Foulser, BA
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
M Laurence
Mrs V M McDonough, MA
R A Pegna, MA
Dr H M Pharaoh, MBBS, DRCOG
A R Poulton, BA
Dr M L Reynolds, BA, PhD
Miss R E Rogers, BMus (appointed 8 March 2008)
Professor J F Smyth, MD, FRCP, FRCPE, FRCSE, FRCR, FRSE
D M Trick (appointed 8 March 2008)
P G E Walker, FRICS
M A Wingate-Saul, MA

**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 2008

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 2008

The governors present their report with the consolidated financial statements of the company for the year ended 31 August 2008 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 2008 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:

M L M Davies, MA, BA
Mrs B H M Hollond, MA, RSA
P L Kosminsky, MA, FRSA, FRTS
Mrs V M McDonough, MA
Dr H M Pharaoh, MBBS, DRCOG
Dr M L Reynolds, BA, PhD
Professor J F Smyth, MD, FRCP, FRCPE, FRCSE, FRCR, FRSE

On 31 August 2008, The Rt. Hon. The Lord Phillips of Worth Matravers resigned from the governing body after 33 years of service, 27 of these as Chairman. Rhydian Cox was elected as Chairman in his place.

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 governors.

As has been practice in recent years, new governors are invited to spend a day at School, to meet staff and explore current issues. From time to time, the governors meet as a Think Tank with the teaching staff to develop future strategy.

Organisational management

The Council of Management 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 which meets each term, some three to four weeks ahead of the Council meeting. Other long-standing sub-committees are the Capital Projects Committee, the Salaries Committee, the Nomination Committee and the Education Forum, which each meet two to three times a year. Indicating the importance attached by the Council to recognise the issues of the day two new sub-committees have been established over the last twelve months: the Development Committee and the Outreach Committee.

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 held by the School, whose activities and trading performance are dealt with below. The School also controls a charitable trust and a not-for-profit company whose principal objectives are to support the School.

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 2008

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

Recruitment of pupils over 2007/8 was good; there were an average of 662 on the register (cf 648 in 2006/7). It was another very successful year in which much was achieved.

An impressive 97% of A'level entries in 2008 achieved A, B or C grades, 49.5% of which were at A grade. The 97.8% GCSE passes at A*, A, B and C were even better than last years' pleasing 97.7% and just short of the 2004 record statistic of 98%.

The year started with the formal opening of The Sanger Centre for Science and Mathematics by the Chairman of Governors, Lord Phillips. The school welcomed parents and visitors to a celebration of science. A filmed conversation between the Head and double Nobel prizewinner and OB Fred Sanger was a particular feature of the day.

The new building has been well received by all who use it. The assignment rooms have proved very popular with students, who are undoubtedly inspired by the fine views, and the 'double-ended' teaching labs have extended the possibilities for practical work across the year groups. The Science Society has been re-launched with a series of lectures in the new David Jones Lecture Theatre. It is perhaps no surprise that numbers taking science at A Level are reaching new highs. Praise for the building has come from all quarters: it first won an Award given by the British Council for the School Environment, for its environmentally friendly properties, then a Regional Award by the RIBA for its design.

This year was marked out by another superb set of results in Design and Technology. The Department continues to offer an insight into modern ICT teaching methods, this year hosting guests from Australia, America and China.

The new Science School has impacted dramatically upon the wider curricular experience offered to pupils at Bryanston. The - Terence Conran supported - recently-built Creative Centre, which had first to serve as a temporary home for the Biology department, is now justifying the name: the Art department has expanded over two floors into it, Ceramics expanding into the ground floor in September, and fine art flowing into the first floor after Christmas. It was pleasing to see that 3 of 4 prize-winners for the Young Talent in Dorset Art competition sponsored by Dorchester General Hospital were from Bryanston and note that several A2 students were selected as examples of good practice for the Saatchi website.

Music prospered through the year. Under the direction of our new Director of Music, Duncan Emerson, a huge number of events and successes were witnessed. A number of professional masterclasses / recitals have been given; the two traditional SATIPS Days this year saw 130 Prep School pupils taking part in the first and 111 in the second; a dazzling London Concert glittered at St. Paul's Knightsbridge; *Calamity Jane* was this year's musical; a Choral Concert at Christchurch Priory; a Valentine's Day Ball; a superb outdoor concert with fireworks.....to name but a few.

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. A number of pupils completed volunteer work in Blandford and in primary schools in surrounding villages. The Tuesday Club maintains a valuable link with the more 'senior' residents in the local area and our work with disabled children in the swimming pool, the Sports Hall and the Riding Arena provides ample evidence of the importance of maintaining a wider perspective to Pioneering.

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BRYANSTON SCHOOL INCORPORATED

REPORT OF THE GOVERNORS for the year ended 31 August 2008

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REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR (Continued)

Six pupils were awarded their Duke of Edinburgh Gold Awards and 65 of the new A3s have signed up for the award, which is to our knowledge a record number.

The Boys' U18 Hockey team won the Dorset U18 Final of the National Schools Cup for the fourth time in five years. The 1st VII netball squad were County Champions for the 5th consecutive year and reached the Regional Finals.

Pupil-initiated, a new Green Committee has been instrumental in developing environmentally friendly initiatives over the last twelve months.

As in previous years, attention has been paid over the year to the upgrading of the boarding accommodation. Allan House now has a newly constructed fine home for the Housemistress, the building of which has enabled extensive improvements to be made in the facilities for the girls. Bedrooms in Dorset and Portman Houses were also significantly improved.

Residential staff accommodation also benefited from works over the last twelve months. The Main Lodge was extended and improved, Woodlands and Woodside were completely refurbished, and the creation of staff houses on the old Archway Nursery site has been completed.

Another busy summer holiday saw record numbers of visitors again. *A Summer of Sport at Bryanston* was hugely successful, The Slade School of Art brought a group of students for a week's course and Dorset Opera's *The Pearl Fishers* was another triumph.

FINANCIAL REVIEW

Summary

The results for the year and financial position of the company are shown in the attached financial statements.

Total incoming resources were up by 7% on last year and resources expended by 5.7% causing the net surplus to rise from £996,821 (7.2% of fee income) to £1,267,608 (8.5% of fee income).

While the governors believe that the outcomes in 2007/8 were satisfactory and that the School is well placed financially, the current turbulent economic climate has led to the Council asking the management team within the School to examine all areas of expenditure.

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.

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 20 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.

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BRYANSTON SCHOOL INCORPORATED

**REPORT OF THE GOVERNORS
for the year ended 31 August 2008**

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EMPLOYMENT ISSUES (Continued)

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 the Development Campaign should focus its energy in building a significant Bursary Fund, to enable pupils to attend the School who, without such financial support, would not be able to benefit from a Bryanston education. Plans for a new Music School continue to be developed, as do improvements in theatre and dining provision.

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.

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:..... 22 November 2008.....

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 2008 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 charity'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 charity'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 charity and the charity'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 2008 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: 27 Feb 2009

BRYANSTON SCHOOL INCORPORATED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2008

	Notes	Unrestricted £	Restricted £	Total £	2007 £
INCOMING RESOURCES					
Income from charitable activities					
Fees receivable	2	14,858,653	-	14,858,653	13,860,355
Other income	5	831,010	-	831,010	764,647
Income from generated funds					
Donations		-	187,999	187,999	137,870
Activities for generating funds:					
Trading income	3	966,055	-	966,055	970,500
Rent receivable		18,120	-	18,120	15,837
Investment income	4	<u>68,424</u>	<u>52,588</u>	<u>121,012</u>	<u>116,944</u>
Total incoming resources		<u>16,742,262</u>	<u>240,587</u>	<u>16,982,849</u>	<u>15,866,153</u>
RESOURCES EXPENDED					
Charitable Activities:					
School operating costs		14,706,133	97,386	14,803,519	13,934,746
Governance costs		11,722	696	12,418	12,951
Costs of generating funds:					
Trading expenses		702,940	-	702,940	717,662
Finance and other costs		<u>195,534</u>	<u>830</u>	<u>196,364</u>	<u>203,973</u>
		<u>898,474</u>	<u>830</u>	<u>899,304</u>	<u>921,635</u>
Total resources expended	8	<u>15,616,329</u>	<u>98,912</u>	<u>15,715,241</u>	<u>14,869,332</u>
NET INCOMING RESOURCES		1,125,933	141,675	1,267,608	996,821
Realised investment gains and losses		<u>(212)</u>	<u>(68,311)</u>	<u>(68,523)</u>	<u>27,614</u>
NET INCOME FOR THE YEAR		1,125,721	73,364	1,199,085	1,024,435
Unrealised investment gains and losses	11	<u>16,922</u>	<u>(96,210)</u>	<u>(79,288)</u>	<u>113,517</u>
NET MOVEMENT IN FUNDS		1,142,643	(22,846)	1,119,797	1,137,952
Fund balances as previously stated					
at 1 September 2007		16,162,974	465,269	16,628,243	17,312,605
Prior year adjustment	9	<u>-</u>	<u>1,822,314</u>	<u>1,822,314</u>	<u>-</u>
Fund balances restated		<u>16,162,974</u>	<u>2,287,583</u>	<u>18,450,557</u>	<u>17,312,605</u>
FUND BALANCES CARRIED FORWARD					
AT 31 AUGUST 2008		<u>17,305,617</u>	<u>2,264,737</u>	<u>19,570,354</u>	<u>18,450,557</u>

The financial activities set out above are those of the group. The School's surplus for the year of £976,811 is included.

CONTINUING OPERATIONS

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

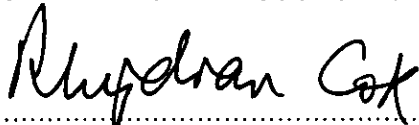
The notes form part of these consolidated financial statements

BRYANSTON SCHOOL INCORPORATED

BALANCE SHEETS
31 August 2008

		Consolidated		School	
	Notes	2008 £	2007 £	2008 £	2007 £
FIXED ASSETS:					
Tangible assets	10	23,581,741	22,920,716	23,519,655	22,854,587
Investments	11	<u>2,581,605</u>	<u>2,794,555</u>	<u>878,720</u>	<u>971,591</u>
		<u>26,163,346</u>	<u>25,715,271</u>	<u>24,398,375</u>	<u>23,826,178</u>
CURRENT ASSETS:					
Stocks	12	202,518	200,308	37,592	38,043
Debtors	13	864,737	937,902	1,043,952	920,842
Cash at bank and in hand		<u>3,710</u>	<u>3,582</u>	<u>3,425</u>	<u>3,382</u>
		<u>1,070,965</u>	<u>1,141,792</u>	<u>1,084,969</u>	<u>962,267</u>
CREDITORS: Amounts falling due within one year	14	<u>(5,389,209)</u>	<u>(6,686,268)</u>	<u>(5,340,427)</u>	<u>(6,439,964)</u>
NET CURRENT LIABILITIES:		<u>(4,318,244)</u>	<u>(5,544,476)</u>	<u>(4,255,458)</u>	<u>(5,477,697)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>21,845,102</u>	<u>20,170,795</u>	<u>20,142,917</u>	<u>18,348,481</u>
CREDITORS: Due after more than one year					
Advance fees	15	<u>(2,274,748)</u>	<u>(1,720,238)</u>	<u>(2,274,748)</u>	<u>(1,720,238)</u>
		<u>£19,570,354</u>	<u>£18,450,557</u>	<u>£17,868,169</u>	<u>£16,628,243</u>
RESERVES:					
Restricted funds	19	2,264,737	2,287,583	562,552	465,269
Unrestricted funds	20	<u>17,305,617</u>	<u>16,162,974</u>	<u>17,305,617</u>	<u>16,162,974</u>
		<u>£19,570,354</u>	<u>£18,450,557</u>	<u>£17,868,169</u>	<u>£16,628,243</u>

ON BEHALF OF THE COUNCIL OF GOVERNORS:



.....
R H Cox - Chairman

Approved by the Council of Governors on 22 November 2008

The notes form part of these consolidated financial statements

BRYANSTON SCHOOL INCORPORATED

**CASH FLOW STATEMENT
for the year ended 31 August 2008**

		<u>2008</u>		<u>2007</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	24		2,534,858		2,657,519
Returns on investments and servicing of finance	25		(84,417)		(78,779)
Capital expenditure	25		(1,550,783)		(3,894,607)
			<u> </u>		<u> </u>
Increase/(decrease) in cash in the period			<u>899,658</u>		<u>(1,315,867)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	26				
Increase/(decrease) in cash in the period		899,658		(1,315,867)	
Cash outflow from decrease in debt and lease financing		-		-	
		<u> </u>		<u> </u>	
Change in net debt resulting from cash flows			<u>899,658</u>		<u>(1,315,867)</u>
Movement in net debt in the period			899,658		(1,315,867)
Net debt at 1 September 2007			<u>(2,318,287)</u>		<u>(1,002,420)</u>
Net debt at 31 August 2008			<u>(1,418,629)</u>		<u>(2,318,287)</u>

The notes form part of these consolidated financial statements

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 August 2008**

1. ACCOUNTING POLICIES

Accounting convention

The accounts of the School are prepared in accordance with 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, its trading subsidiary undertaking and a controlled charitable trust. 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 statement of financial activities. 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 statement of financial activities. 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.

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. 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.

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 August 2008**

1. ACCOUNTING POLICIES (Continued)

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.

2. INCOME

	2008	2007
	£	£
Fees receivable consist of:		
Gross fees	16,193,800	15,194,516
Less: Total bursaries, grants and allowances	<u>1,408,476</u>	<u>1,417,900</u>
	14,785,324	13,776,616
Add back: Scholarships, grants etc. paid for by Trust Funds	<u>73,329</u>	<u>83,739</u>
	<u><u>14,858,653</u></u>	<u><u>13,860,355</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 owns all the shares in the company and its annual profit is paid to the School by deed of covenant. Its trading results, extracted from its audited accounts were:

	2008	2007
	£	£
Turnover	966,055	970,500
Cost of sales	<u>434,177</u>	<u>458,089</u>
Gross profit	531,878	512,411
Administrative expenses	<u>254,043</u>	<u>244,804</u>
Operating profit	277,835	267,607
Interest payable and similar charges	<u>14,720</u>	<u>14,769</u>
Net profit	263,115	252,838
Covenant - gross	<u>263,115</u>	<u>252,838</u>
Retained profit	<u><u>-</u></u>	<u><u>-</u></u>
Extract from Balance Sheet as at 31 August 2008:		
Fixed assets	62,086	66,129
Net current liabilities	<u>(62,084)</u>	<u>(66,127)</u>
Net assets	<u><u>2</u></u>	<u><u>2</u></u>

4. INVESTMENT INCOME

	2008	2007
	£	£
Bank deposit interest	5,991	2,931
Investment income	100,301	99,244
Interest on amount due from Bryanston Conference Centre Limited	<u>14,720</u>	<u>14,769</u>
	<u><u>121,012</u></u>	<u><u>116,944</u></u>

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. OTHER INCOME

	2008	2007
	£	£
Summer courses	127,812	115,065
Registration and other fees	76,200	72,725
Day pupils accommodated	53,517	31,141
Miscellaneous income	35,309	34,339
Special tuition	335,369	314,017
Equestrian income	133,931	124,301
Catering income	<u>68,872</u>	<u>73,059</u>
	<u>831,010</u>	<u>764,647</u>

6. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	8,292,187	7,936,249
Social security costs	663,517	662,970
Other pension costs	<u>670,745</u>	<u>669,024</u>
	<u>9,626,449</u>	<u>9,268,243</u>

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

	2008	2007
	No.	No.
Teaching staff	158	157
Other employees	<u>166</u>	<u>165</u>
	<u>324</u>	<u>322</u>

	2008	2007
	£	£
Governors' expenses reimbursed	<u>1,972</u>	<u>1,017</u>
Numbers of governors receiving expenses	<u>6</u>	<u>6</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:

	2008	2007
	No.	No.
£60,001 - £70,000	3	2
£70,001 - £80,000	1	2
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1

The number with retirement benefits accruing in:

- Money Purchase schemes was	3	3
for which the contributions amounted to	£52,181	£46,420
- Defined benefit schemes was	3	3

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. EXPENDITURE

Expenditure includes:

	2008	2007
	£	£
Auditor's remuneration - audit services	12,995	12,618
- non-audit services	2,380	2,010
Depreciation - owned assets	995,458	957,807
Profit on disposal of tangible fixed assets	(619)	(5,832)
Operating lease rentals		
Plant and machinery	2,996	2,996
Land and buildings	<u>22,333</u>	<u>22,333</u>

8. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs	Support costs	Depreciation	Total
	£	£	£	£
Charitable activities				
School operating costs:				
Teaching costs	6,021,567	993,596	261,865	7,277,028
Welfare	1,978,094	1,332,679	60,698	3,371,471
Premises	818,973	1,913,921	619,517	3,352,411
Management and administration	614,536	79,338	35,406	729,280
Grants, awards and prizes	<u>-</u>	<u>73,329</u>	<u>-</u>	<u>73,329</u>
	9,433,170	4,392,863	977,486	14,803,519
Governance costs	-	12,418	-	12,418
Costs of generating funds:				
Trading costs of the subsidiary	193,279	491,689	17,972	702,940
Finance and other costs	<u>-</u>	<u>196,364</u>	<u>-</u>	<u>196,364</u>
Total for group	<u>9,626,449</u>	<u>5,093,334</u>	<u>995,458</u>	<u>15,715,241</u>

9. PRIOR YEAR ADJUSTMENT

The Bryanston Foundation is a registered charity and Bryanston School Incorporated is deemed to be the controlling interest. The governors recognise that the assets and liabilities of The Bryanston Foundation should be consolidated for the year ended 31 August 2008. The Bryanston Foundation's accounting date was 31 July 2007. In the governors' opinion the cost of recalculating the Bryanston Foundation's balance sheet at 31 August 2007 is disproportionate to the added value made to the consolidated financial statements. The governors have therefore included that company's net assets stated at 31 July 2007 in the comparatives of these consolidated financial statements. This has now been rectified and its year end is now coterminous with the School.

The value of The Bryanston Foundation's balance sheet at 31 July 2007 was £1,822,314. Due to the nature of The Bryanston Foundation's objects and activities the amount has been included as a restricted fund.

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. TANGIBLE FIXED ASSETS

Consolidated	Freehold land and buildings	Plant, furniture and other equipment	Totals
	£	£	£
COST:			
At 1 September 2007	25,347,983	3,116,516	28,464,499
Additions	1,163,546	494,118	1,657,664
Disposals	<u>-</u>	<u>(117,742)</u>	<u>(117,742)</u>
At 31 August 2008	<u>26,511,529</u>	<u>3,492,892</u>	<u>30,004,421</u>
DEPRECIATION:			
At 1 September 2007	3,175,789	2,367,994	5,543,783
Charge for year	591,086	404,372	995,458
Eliminated on disposals	<u>-</u>	<u>(116,561)</u>	<u>(116,561)</u>
At 31 August 2008	<u>3,766,875</u>	<u>2,655,805</u>	<u>6,422,680</u>
NET BOOK VALUE:			
At 31 August 2008	<u>22,744,654</u>	<u>837,087</u>	<u>23,581,741</u>
At 31 August 2007	<u>22,172,194</u>	<u>748,522</u>	<u>22,920,716</u>
School	Freehold land and buildings	Plant, furniture and other equipment	Totals
	£	£	£
COST:			
At 1 September 2007	25,306,084	3,005,060	28,311,144
Additions	1,163,546	480,189	1,643,735
Disposals	<u>-</u>	<u>(117,742)</u>	<u>(117,742)</u>
At 31 August 2008	<u>26,469,630</u>	<u>3,367,507</u>	<u>29,837,137</u>
DEPRECIATION:			
At 1 September 2007	3,162,381	2,294,176	5,456,557
Charge for year	589,410	388,076	977,486
Eliminated on disposals	<u>-</u>	<u>(116,561)</u>	<u>(116,561)</u>
At 31 August 2008	<u>3,751,791</u>	<u>2,565,691</u>	<u>6,317,482</u>
NET BOOK VALUE:			
At 31 August 2008	<u>22,717,839</u>	<u>801,816</u>	<u>23,519,655</u>
At 31 August 2007	<u>22,143,703</u>	<u>710,884</u>	<u>22,854,587</u>

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. INVESTMENTS

	Consolidated		School	
	2008 £	2007 £	2008 £	2007 £
Balance at 1 September 2007	2,706,128	2,707,616	932,271	1,201,757
Additions	673,868	423,727	-	63,657
Disposals at opening market value	(833,765)	(538,732)	(107,019)	(304,924)
Revaluations	(79,288)	113,517	16,922	(28,219)
UK quoted investments and fixed interest				
Stock	2,466,943	2,706,128	842,174	932,271
(historic cost £2,357,137, School £879,191)				
Accrued interest	30,895	35,815	28,698	34,142
Cash deposits	83,767	52,612	7,848	5,178
Balance at 31 August 2008	<u>2,581,605</u>	<u>2,794,555</u>	<u>878,720</u>	<u>971,591</u>

The School controls two entities other than its trading subsidiary. The Bryanston Foundation is a charity registered in England and Wales and its objects are to provide support for the pupils of the School. The aggregate amount of assets, liabilities and funds are shown below and a summary of its incoming and outgoing resources is shown in note 19. The Bryanston Foundation has been consolidated on the grounds that its net assets are material to the group.

Extract from Balance Sheet as at 31 August 2008:	2008 £	2007 £
Fixed assets	1,626,966	1,775,530
Net current assets	<u>75,219</u>	<u>46,784</u>
Net funds	<u>1,702,185</u>	<u>1,822,314</u>

The Bryanston Society Limited is a company limited by guarantee, registered in England and Wales and its objects are to provide support for the School. The company's turnover was £32,922 (2007 - £33,284) and its total expenditure was £26,743 (2007 - £32,256). The company's net assets have not been consolidated on the grounds that they are not material to the group. A summary of its aggregate amount of assets, liabilities and reserves is shown below.

Extract from Balance Sheet as at 31 August 2008:	2008 £	2007 £
Fixed assets	-	-
Net current assets	<u>14,981</u>	<u>8,614</u>
Net reserves	<u>14,981</u>	<u>8,614</u>

12. STOCKS

	Consolidated		School	
	2008 £	2007 £	2008 £	2007 £
Maintenance, domestic and catering stock	37,592	38,043	37,592	38,043
Stock of goods for resale	<u>164,926</u>	<u>162,265</u>	-	-
	<u>202,518</u>	<u>200,308</u>	<u>37,592</u>	<u>38,043</u>

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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**13. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	Consolidated		School	
	2008 £	2007 £	2008 £	2007 £
Trade debtors	670,412	777,796	379,858	307,413
Other debtors	24,585	23,292	24,585	23,292
Prepayments	169,740	136,814	169,740	136,814
Amount due from Bryanston Conference Centre Limited	-	-	469,769	453,323
	<u>864,737</u>	<u>937,902</u>	<u>1,043,952</u>	<u>920,842</u>

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

	Consolidated		School	
	2008 £	2007 £	2008 £	2007 £
Bank loans and overdrafts (see note 16)	1,506,106	2,374,481	1,688,689	2,378,925
Trade creditors	1,521,619	1,535,401	1,357,467	1,358,548
Other creditors	350,350	420,077	295,811	351,761
Fees received in advance	758,346	1,202,481	758,346	1,202,481
PAYE and national insurance	223,311	207,720	223,311	207,720
Accrued expenses	168,896	99,349	156,222	93,770
Advance fees scheme (see note 15)	860,581	846,759	860,581	846,759
	<u>5,389,209</u>	<u>6,686,268</u>	<u>5,340,427</u>	<u>6,439,964</u>

15. 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:

	2008 £	2007 £
After 5 years	440,919	113,819
Within 2 to 5 years	1,189,415	995,685
Within 1 to 2 years	<u>644,414</u>	<u>610,734</u>
	2,274,748	1,720,238
Within 1 year	<u>860,581</u>	<u>846,759</u>
	<u>3,135,329</u>	<u>2,566,997</u>
Balance at 1 September 2007	2,566,997	2,050,398
New contracts	1,514,217	1,362,144
Refunds to parents	<u>(40,125)</u>	-
	4,041,089	3,412,542
Amounts utilised in payment of fees:		
To the School	<u>(951,382)</u>	<u>(893,049)</u>
	3,089,707	2,519,493
Discount accrued	<u>45,622</u>	<u>47,504</u>
	<u>3,135,329</u>	<u>2,566,997</u>
Balance at 31 August 2008	<u>3,135,329</u>	<u>2,566,997</u>

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. LOANS AND OVERDRAFTS

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

	Consolidated		School	
	2008 £	2007 £	2008 £	2007 £
Amounts falling due within one year or on demand:				
Bank overdraft	<u>1,506,106</u>	<u>2,374,481</u>	<u>1,688,689</u>	<u>2,378,925</u>

17. OBLIGATIONS UNDER LEASING AGREEMENTS

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

	Consolidated Operating leases		School Operating leases	
	2008 £	2007 £	2008 £	2007 £
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>22,333</u>	<u>22,333</u>	<u>22,333</u>	<u>22,333</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Consolidated		School	
	2008 £	2007 £	2008 £	2007 £
Bank loans and overdraft	<u>1,506,106</u>	<u>2,374,481</u>	<u>1,688,689</u>	<u>2,378,925</u>

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

19. RESTRICTED FUNDS

	Balance at 1 September 2007 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 August 2008 £
Creative Centre	200,000	50,000	(7,000)	-	243,000
Science School	7,000	-	(7,000)	-	-
Estates	16,232	1,137	-	-	17,369
Scholarships	239,397	132,401	(15,988)	(53,705)	302,105
Music	1,425	167	(1,592)	-	-
Teaching	<u>1,215</u>	<u>103</u>	<u>(1,240)</u>	<u>-</u>	<u>78</u>
Total for Bryanston School	465,269	183,808	(32,820)	(53,705)	562,552
Bryanston Foundation	<u>1,822,314</u>	<u>56,779</u>	<u>(230,613)</u>	<u>53,705</u>	<u>1,702,185</u>
	<u>2,287,583</u>	<u>240,587</u>	<u>(263,433)</u>	<u>-</u>	<u>2,264,737</u>

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. RESTRICTED FUNDS continued

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

The Science School fund represents donations received to fund costs relating to the new science school building.

The Estates, Scholarships, Music and Teaching restricted funds represent donations to the School where the donor has requested that the funds be used in these areas. Where no specific requests are made, funds are utilised for scholarships and bursaries.

The Bryanston Foundation is a charity controlled by the School. In the opinion of the governors its net funds should be treated as a restricted fund on consolidation.

20. 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	24,460,461	(4,880,096)	(2,274,748)	17,305,617
Restricted	<u>1,702,185</u>	<u>561,852</u>	<u>-</u>	<u>2,264,737</u>
	<u>26,163,346</u>	<u>(4,318,244)</u>	<u>(2,274,748)</u>	<u>19,570,354</u>

Unrestricted Funds

	Balance at 1 September 2007 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 August 2008 £
Income and expenditure account	16,162,974	15,776,207	(14,896,679)	263,115	17,305,617
Trading company assets	<u>-</u>	<u>966,055</u>	<u>(702,940)</u>	<u>(263,115)</u>	<u>-</u>
	<u>16,162,974</u>	<u>16,742,262</u>	<u>(15,599,619)</u>	<u>-</u>	<u>17,305,617</u>

21. 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 group was £670,745 (2007 £669,024) of which £149,509 (2007 £136,850) relates to the company's group personal pension plan.

There were outstanding contributions at the balance sheet date of £106,792 (2007 £92,070) in respect of contributions due for the month of August paid over to the pension scheme administrators in September.

BRYANSTON SCHOOL INCORPORATED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS continued

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 covered the period 1 April 2001 to 31 March 2004. The valuation statement as at 31 March 2004 made in November 2006 revealed that the total liabilities of the scheme (the estimated cost of past and future service benefits of existing members) amounted to £166,500 million. The scheme assets at 31 March 2004 amounted to £163,240 million.

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 6.5%.

During the year the contribution rate was 20.5%. 6.4% paid by the teachers and 14.1% borne by the School.

During the year the School made contributions of £549,806 (2007 £515,203) to the scheme. The School's contributions represent a minor proportion of the payments into the scheme.

22. 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 (2007 - 20).

23. CAPITAL COMMITMENTS

	2008	2007
	£	£
Contracted for but not provided for in the financial statements	28,476	30,615
Authorised but not contracted for	<u>639,500</u>	<u>1,075,000</u>

24. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2008	2007
	£	£
Net incoming resources	1,267,608	996,821
Depreciation charges	995,458	957,807
Profit on disposal of tangible fixed assets	(619)	(5,832)
Bank and other interest	(121,012)	(116,944)
Decrease in accrued investment interest	4,920	12,807
Finance and other costs	196,364	203,973
Increase in stocks	(2,210)	(3,580)
(Increase)/decrease in debtors	73,165	(196,025)
Increase/(decrease) in creditors	(428,574)	291,893
Increase in advance fees scheme creditor	<u>568,332</u>	<u>516,599</u>
Net cash inflow from operating activities	<u>2,534,858</u>	<u>2,657,519</u>

BRYANSTON SCHOOL INCORPORATED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008 £	2007 £
Returns on investments and servicing of finance		
Bank and other interest	121,012	116,944
Finance and other costs	<u>(205,429)</u>	<u>(195,723)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(84,417)</u>	<u>(78,779)</u>
Capital expenditure		
Purchase of tangible fixed assets	(1,643,957)	(4,043,726)
Sale of tangible fixed assets	1,800	6,500
Purchase of investments	(673,868)	(423,727)
Sale of investments	<u>765,242</u>	<u>566,346</u>
Net cash outflow for capital expenditure	<u>(1,550,783)</u>	<u>(3,894,607)</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.07 £	Cash flow £	At 31.8.08 £
Net cash			
Cash at bank and in hand	3,582	128	3,710
Investment bank accounts	52,612	31,155	83,767
Overdrafts	<u>(2,374,481)</u>	<u>868,375</u>	<u>(1,506,106)</u>
Total	<u>(2,318,287)</u>	<u>899,658</u>	<u>(1,418,629)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	3,582		3,710
Bank overdraft	(2,374,481)		(1,506,106)
Investments	<u>52,612</u>		<u>83,767</u>
	<u>(2,318,287)</u>		<u>(1,418,629)</u>