

FYLING HALL SCHOOL TRUST LIMITED
REPORT AND FINANCIAL STATEMENTS

For the year ended
31st August 2003



Company No. 1377607
Registered Charity No. 507857

FYLING HALL SCHOOL TRUST LIMITED

Directors' Report

For the year ended 31st August 2003

STATUS AND ADMINISTRATION

The School was founded in 1923. On the 7th July 1978 a Limited Company was formed, number 1377607, and the Company became a Charitable Trust number 507857. The Memorandum and Articles of Association were amended on 24th November 1994. The liability of the members is limited, by guarantee, to such an amount as may be required not exceeding £1.

DIRECTORS

The present Directors of the Company, who are also the Charity Trustees and the Governors of the School, and those who served during the year as indicated are:

J.H. Hemson (Chairman)
Philippa, Viscountess Astor
The Hon. Mrs. Anthony G. Lowther (died 6th January 2003)
Dr. J. Rutherford
M.K. Swales
Mrs. M.R.D. Terry
G.N. Barrett (resigned 20th June 2003)
Miss B. Easton
A.J. Thomson (appointed 22nd October 2002)
S. Fusco (appointed 5th July 2003)
Mrs I. Carmichael (appointed 5th July 2003)

The members of the governing body shall be the subscribers to the Memorandum of Association and such other persons (being members of the Trust) as shall from time to time be elected thereto by the governing body.

At the Annual General Meeting, one third of the members of the Governing Body, or, if this number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office and be eligible for re-election. The members retiring by rotation are Philippa, Viscountess Astor, Dr. J. Rutherford and Mr M.K. Swales.

FYLING HALL SCHOOL TRUST LIMITED

Directors' Report (Cont'd)

For the year ended 31st August 2003

PROFESSIONAL ADVISERS AND KEY PERSONNEL

The Head	S.D.M. Barnett
Company Secretary	G.J.W. Rippon
Registered Office and Principal Address	Fyling Hall School Trust Limited Robin Hood's Bay Whitby North Yorkshire YO22 4QD
Bankers	HSBC plc 4 Baxtergate Whitby North Yorkshire YO21 1BD
Solicitors	Pinkney Grunwells Lion Chambers 2 Golden Lion Bank Whitby North Yorkshire YO21 3BS
Registered Auditor	O'Reilly Chartered Accountants Ullswater House Duke Street Penrith Cumbria CA11 7LY

OBJECTS

The objects for which the Trust is established are to promote and provide for the advancement of education and in connection therewith to conduct, carry on, acquire and develop in the United Kingdom any boarding or day college or colleges, school or schools for the education of students and children of either sex or both sexes.

FYLING HALL SCHOOL TRUST LIMITED

Directors' Report (Cont'd)

For the year ended 31st August 2003

ORGANISATIONAL STRUCTURE

The Articles of Association states that "the business of the Trust shall be managed by the Governing Body..." The Governing Body ensures that the objectives of the Trust are met and do this with the aid of a Committee Structure. The Committees are as follows: Curriculum and Personnel, Finance, Premises, Complaints and Disciplinary Appeals and Health and Safety.

The day to day management of the school is delegated to the Head and the Company Secretary.

OPERATIONAL POLICY

The Policy continues to be to operate a non-selective, co-educational boarding and day school for pupils between the age of 5 – 18 years.

The school's Policy is to strive to attain a high academic level whilst maintaining non-selection and a modest fee level. The aims, with extra-curricular programmes, are to develop other interests and prepare them for further education with a solid foundation in life.

REVIEW OF ACTIVITIES, DEVELOPMENTS AND ACHIEVEMENTS

The school roll was a little lower than usual. The slight fall was due to parents leaving the Armed Forces (and losing their boarding School Allowance). Marketing was addressed during the second half of the academic year, targeted at boarding pupils. Never the less the school roll remained extremely healthy.

Provision of extra-curricular activities was expanded with leadership training for the Sixth Form, and the Duke of Edinburgh Scheme for the younger pupils. Both were well received by pupils and parents. Public speaking continues to thrive, with the school winning both the senior team Trophy and best individual speaker in the Rotary Club Youth Speaks competition. In music, many of the pupils were placed first in their category at the Eskdale Festival of the Arts. After-school sport and fitness training have also proved popular and helped the children to achieve well on the games field, most notably winning the u14 area Girls Hockey Tournament.

All of the upper sixth form leavers secured places on their first choice of University course.

Academic achievements were celebrated at the end of the year with again the best ever results in Public examinations at A level and GCSE. On the strength of these the school was placed number one in the Financial Times value for money league of independent boarding schools (published 30th August 2003).

The governing body wish to extend their grateful thanks for the hard work of the staff over the last year. Also grateful thanks to the Parent Teacher Association for their hard work and financial support. The development and success of our pupils is due to this teamwork.

FYLING HALL SCHOOL TRUST LIMITED

Directors' Report (Cont'd)

For the year ended 31st August 2003

During the year, the Hon. Mrs. Anthony G. Lowther died. She had been on the governing body since inception and had significantly contributed over the years – she will be greatly missed.

The school changed headmaster in January 2003.

FINANCIAL RESULTS AND RESERVES POLICY

The governing body are pleased to report a profit of £31,648. The year under review was forecast to be difficult due to the anticipated significant cost increases. These increases duly arrived under the headings of business council tax, insurance, pension costs and national insurance.

The surplus has been taken to reserves so that free reserves now stand at £519,360. This exceeds the limit set at £500,000. The medium term plan calls for an additional accommodation building so that future surplus will be accumulated to facilitate the same. The current outlook for 2003/04 suggests a significantly improved result. However, it must be noted that this depends to some extent on a stable political and economic scenario.

During the year a minibus was purchased at a cost of £11,729.

INVESTMENT POWERS, POLICY AND PERFORMANCE

There are no restrictions on the Company's absolute powers of investment. The Board's policy continues to be that as reserves are for working capital and short-term contingencies they should be held on deposit with not less than 80% to be with the major UK clearing banks. The returns fluctuate in line with base rates.

RISK MANAGEMENT

The Board continue to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time, and to monitor the effectiveness of systems of control and other viable means, including insurance cover where appropriate, by which those risks already identified by the Governors can best be mitigated.

FYLING HALL SCHOOL TRUST LIMITED

Directors' Report (Cont'd)

For the year ended 31st August 2003

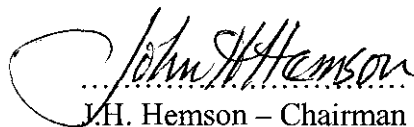
LAWS & REGULATIONS

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (Charities SORP 2000).

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of O'Reilly Chartered Accountants as Auditors to the Company will be put to the annual general meeting.

Approved by the Board of Directors
at its meeting on 30th October 2003 and signed on its behalf by:


J.H. Hemson – Chairman

Date: 30.10.03...

FYLING HALL SCHOOL TRUST LIMITED

Statement of Directors' Responsibilities

For the year ended 31st August 2003

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

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its net income or expenditure for the year.

In preparing the accounts the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the company at any time, and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the company's corporate assets and those of its trust funds and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

FYLING HALL SCHOOL TRUST LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF FYLING HALL SCHOOL TRUST LIMITED**

We have audited the financial statements of Fyling Hall School Trust Limited on pages 8 to 14 for the year ended 31st August 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 6 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st August 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



O'REILLY
Registered Auditor and Chartered Accountants
Ullswater House, Duke Street
Penrith
Cumbria CA11 7LY

4th November 2003

FYLING HALL SCHOOL TRUST LIMITED

Statement of Financial Activities for the year ended 31st August 2003

Income & Expenditure Account	Notes	2003 Unrestricted Funds £	Total 2002 £
Incoming Resources:			
School Fees Receivable		1,508,030	1,487,991
Donations		20	2,370
Other Activities to Generate Funds:			
Other Income	2	20,384	31,105
Investment Income	3	<u>16,128</u>	<u>16,054</u>
Total Incoming Resources		<u>1,544,562</u>	<u>1,537,520</u>
 Resources Expended			
Charitable Expenditure:			
Teaching costs		826,329	760,049
Welfare		285,565	272,771
Premises		295,485	302,033
Support Costs		49,805	61,131
Management and administration of the charity		<u>55,730</u>	<u>58,484</u>
Total Resources Expended	4-6	<u>1,512,914</u>	<u>1,454,468</u>
 Net Income for the Year		31,648	83,052
 Funds Brought Forward 1 st September 2002		<u>840,622</u>	<u>757,570</u>
 Funds Carried Forward 31 st August 2003		<u>872,270</u>	<u>840,622</u>

Continuing operations

None of the Company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

There were no recognised gains or losses other than the loss or profit for the above two financial years.

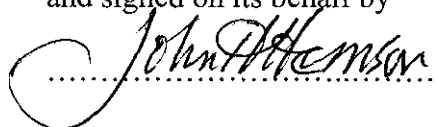
The notes on pages 10 to 14 form part of these accounts.

FYLING HALL SCHOOL TRUST LIMITED

Balance Sheet as at 31st August 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Fixed Assets			
Tangible Fixed Assets			
School Land, Buildings and Equipment	7	352,910	377,218
Investments	8	<u>263,397</u>	<u>186,324</u>
		<u>616,307</u>	<u>563,542</u>
Current Assets			
Stock		5,930	7,450
Debtors	9	82,464	101,255
Cash at bank and in hand		<u>325,810</u>	<u>280,745</u>
		414,204	389,450
Creditors: Due within one year:	10	<u>158,241</u>	<u>112,370</u>
Net Current Assets		<u>255,963</u>	<u>277,080</u>
Total Assets Less Current Liabilities		<u>872,270</u>	<u>840,622</u>
Unrestricted Funds	12	<u>872,270</u>	<u>840,622</u>
Total Funds		<u>872,270</u>	<u>840,622</u>

Approved by the Board on 30th October 2003
and signed on its behalf by

 Chairman
J.H. Hemson

The notes on pages 10 to 14 form part of these accounts.

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31st August 2003

1. Accounting Policies

a) Basis of Preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the current Statement of Recommended Practice on accounting and reporting by charities: The Charities SORP 2000, as modified by the Financial Reporting Standard for Smaller Entities and the Companies Act 1985.

b) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets retained for use by the school at rates calculated to spread each asset's cost, less its estimated residual value evenly over its expected useful economic life.

Leasehold buildings	- over the term of the lease
Motor vehicles	- 25% per annum reducing balance
Equipment, fixtures, fittings	- 10% per annum reducing balance

Items costing less than £5,000 are written off as an expense as acquired.

c) Fees

Fees consist of charges billed for the school year ending 31st August, less bursaries and allowances.

d) Expenditure

Expenditure is summarised under functional headings either on a direct cost basis or, for overhead costs, apportioned on a time basis as considered appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

e) Teaching Costs

Supplies of games equipment, books, stationery and sundry materials are written off to the Income and Expenditure Account as soon as the expenditure on procuring them is incurred.

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31st August 2003

f) Pension Schemes

The school participates in a multi employer pension scheme, the Government's Teachers Pension Defined Benefits Scheme for its teaching staff. The pension liability is the responsibility of the Teachers Pension. As a result it is not possible to identify the assets and liabilities of the scheme that are attributed to the school. Accordingly under FRS17 the scheme is accounted for as if it were a defined contributions scheme. There is also a Stakeholder Pension Scheme in place, but to date no employee has elected to join the same.

g) Taxation

The Company is a registered charity and has no liability to corporation tax.

h) Cash Flow Statement

The Company is defined as small per the Companies Act 1985 and has, therefore, relied on the exemption given by Financial Reporting Standard 1 not to produce a cash flow statement.

i) Operating Leases

Rentals due under operating leases are charged to the Income and Expenditure Account on a straight line basis over the term of the lease.

2.	<u>Other Income</u>	<u>2003</u>	<u>2002</u>
		£	£
	Lettings	<u>20,384</u>	<u>31,105</u>
		<u>20,384</u>	<u>31,105</u>
3.	<u>Investment Income</u>		
	Interest received from UK deposit takers	<u>16,128</u>	<u>16,054</u>

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31st August 2003

4.	<u>Staff Costs</u>	<u>2003</u>	<u>2002</u>
		£	£
	Salaries	886,097	845,698
	Social Security Costs	58,947	54,415
	Pension Contributions	<u>48,431</u>	<u>35,229</u>
		<u>993,475</u>	<u>935,342</u>

The school participates in the Government's Teachers Pension Defined Benefits Scheme for its teaching staff. The school's contributions represent a minor proportion of the payments into the scheme. The superannuation charge represents contributions payable to the fund of £48,431 (2002: £35,229).

The average number of employees in the year was:	<u>2003</u>	<u>2002</u>
	No.	No.
Teaching	37	37.5
Welfare	15.5	15.5
Premises	7	7
Support	1	1
Management	<u>2.5</u>	<u>2.5</u>
	<u>63</u>	<u>63.5</u>

The following number of employees exceeded £50,000 emoluments:	<u>Nil</u>	<u>Nil</u>
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The Directors of the Company are also governors. They are unpaid and thus have been excluded from the average number of employees above. Expenses were reimbursed to the Directors of £351 (2002: £NIL). There is a block policy for professional indemnity insurance in respect of all employees, including the trustees. On a pro rata basis the amount attributable to the trustees is £90.

5. Expenditure – Analysis of Total Resources Expended

	<u>Staff</u>			
	<u>Costs</u>	<u>Other</u>	<u>Depreciation</u>	<u>Total</u>
	£	£	£	£
<u>Charitable Expenditure:</u>				
Teaching Costs	734,331	87,725	4,273	826,329
Welfare Costs	141,744	143,821	-	285,565
Premises	61,186	202,535	31,764	295,485
Support Costs	11,155	38,650	-	49,805
Charity Management & Administration	<u>45,059</u>	<u>10,671</u>	<u>-</u>	<u>55,730</u>
	<u>993,475</u>	<u>483,402</u>	<u>36,037</u>	<u>1,512,914</u>

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31st August 2003

6.	<u>Expenditure – Other Disclosures</u>		<u>2003</u>	<u>2002</u>
			£	£
	Costs of Management and Administration of the Company include:			
	Auditor's remuneration:	For audit	4,296	4,171
		For other services	<u>5,876</u>	<u>7,339</u>
7.	<u>Tangible Fixed Assets</u>			
		Short-Term Leasehold Land & Buildings	Equipment Fixtures & Fittings	Motor Vehicles
	<u>Cost</u>	£	£	£
	1 st September 2002	985,986	28,243	14,100
	Additions	-	-	11,729
	31 st August 2003	<u>985,986</u>	<u>28,243</u>	<u>25,829</u>
	<u>Depreciation</u>			
	1 st September 2002	619,302	19,593	12,216
	Charge for Year	31,764	867	3,406
	31 st August 2003	<u>651,066</u>	<u>20,460</u>	<u>15,622</u>
	<u>Net Book Values</u>			
	31 st August 2003	<u>334,920</u>	<u>7,783</u>	<u>10,207</u>
	31 st August 2002	<u>366,684</u>	<u>8,650</u>	<u>1,884</u>
8.	<u>Investments</u>		<u>2003</u>	<u>2002</u>
			£	£
	Cash held for investment at 1 st September 2002		186,324	124,812
	Net increase		<u>77,073</u>	<u>61,512</u>
	Cash held for investment at 31 st August 2003		<u>263,397</u>	<u>186,324</u>
	All cash held as investments is with UK deposit takers.			
9.	<u>Debtors</u>		<u>2003</u>	<u>2002</u>
			£	£
	Trade Debtors (fees)		53,910	62,576
	Other Debtors		11,745	23,746
	Prepayments		<u>16,809</u>	<u>14,933</u>
			<u>82,464</u>	<u>101,255</u>

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31st August 2003

10.	<u>Creditors: due within one year</u>	<u>2003</u>	<u>2002</u>
		£	£
	Trade Creditors	60,890	68,257
	Other Taxes & Social Security	18,174	16,539
	Accruals and Deferred Income	<u>79,177</u>	<u>27,574</u>
		<u>158,241</u>	<u>112,370</u>

11. Contracts and Commitments

No capital commitments were contracted for at 31st August 2003(2002– Nil). Nor were any contracted for during the year. There are no plans at this time to enter into any material contracts within the next twelve months.

12. Reserves and Reconciliation of Movement in Funds

	<u>Income and</u>
	<u>Expenditure</u>
	<u>Account</u>
	£
Balance at 1 st September 2002	840,622
Profit for the year	<u>31,648</u>
Balance at 31 st August 2003	<u>872,270</u>

13. Operating Lease Commitments

At 31st August 2003 the Company was committed to making the following annual payments in respect of operating leases:

	<u>Plant and</u>	<u>Land and</u>
	<u>Equipment</u>	<u>Buildings</u>
	£	£
Leases which expire:		
In 2-5 years	2,604	-
After 5 years	-	26,926