

FYLING HALL SCHOOL TRUST LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended
31st August 2005



Company No. 1377607
Registered Charity No. 507857

FYLING HALL SCHOOL TRUST LIMITED

Directors' Report

For the year ended 31 August 2005

The Board of Directors present their annual report for the year ended 31 August 2005 under the Companies Act 1985 and the Charities Act 1993, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Companies Act 1985, the Company's Memorandum & Articles of Association and the Charities SORP 2005.

REFERENCE & ADMINISTRATIVE INFORMATION

Fyling Hall School was founded in 1923. Fyling Hall School Trust Limited was incorporated in 1978 and is a charitable company, charity registration number 507857, company registration number 1377607, with the liability of its members limited to £1 each by guarantee. The Registered Office and principal address of the company is at Robin Hood's Bay, North Yorkshire, YO22 4QD.

DIRECTORS

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

J H Hemson (retired 1 June 2005)
 Philippa, Viscountess Astor (died 20 July 2005)
 Dr J Rutherford (Chair)
 M K Swales
 Miss B Easton
 A J Thomson (retired 31 December 2004)
 S Fusco
 Mrs I Carmichael
 Dr F Emad (appointed 1 June 2005)

COMPANY SECRETARY

G J W Rippon

KEY EXECUTIVES AND PROFESSIONAL ADVISORS

The Head:	Dr G Horridge
Bankers:	HSBC plc, 4 Baxtergate, Whitby, North Yorkshire. YO21 1BD
Solicitors:	Pinkney Grunwells, Lion Chambers, 2 Golden Lion Bank, Whitby, North Yorkshire YO21 3BS
Auditor:	N T O'Reilly & Partners, Ullswater House, Duke Street, Penrith, Cumbria CA11 7LY

KEY EXECUTIVES AND PROFESSIONAL ADVISORS (Continued)

Insurance A S Green & Co, 54 Westborough, Scarborough,
Brokers: North Yorkshire YO11 1TU

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing Document

The company is governed by its Memorandum and Articles of Association, which was last amended on 24 November 1994.

Governing Body

The Directors, who are also required under the Articles to serve as members of the Company are elected at a full Directors Meeting on the basis of nominations received from existing members. Members are encouraged to seek out prospective members with the required skills and experience to increase the strength of the existing Board. 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: S Fusco & Mrs I Carmichael.

Trustee-Training

Prospective Directors are appraised of the School's history and of the commitment that would be required. On appointment a new Director is given copies of relevant documents including The Essential Trustee: What you need to know, handbooks-both governors and staff, risk assessments, accounts etc. All Directors are encouraged to attend relevant courses, and as a member of AGBIS trustees attend their seminars.

Organisational Management

A full Board Meeting is held each term with additional meeting if required to determine the general policy of the Company and review its overall management and control, for which they are legally responsible. The Board has the following committees: Curriculum and Personnel, Audit and Finance, Premises, Health and Safety, Marketing and Development, Complaints and Disciplinary, and Appeals. All committees meet at least annually with the exception of the last two, who will meet as necessary. Audit and Finance and Health and Safety normally meet at least once a term. The day to day running of the school is delegated to the Head and supported by the Senior Management Team. The principal committees and those sitting on the same are: Audit and Finance – Miss B Easton (Chair), S Fusco and Dr F Emad. Health and Safety - S Fusco.

Risk Management

At a full Board Meeting including the Head held normally in May each year the formal risk assessments are reviewed. The Board and Head continually 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 can best be mitigated.

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

The objects of the Company, in accordance with its Memorandum and Articles of Association, 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.

Strategic Aim and Intended Effect

The school's strategic aim to reach its annual objective is the attainment of the highest academic levels whilst maintaining non-selection and a modest fee level. This aim together with extra-curricular programmes enables development of other interests and prepares students for further education with a solid foundation in life.

Objectives for the Year

The Board's main objective continued to be to ensure that every student reaches their potential and that the overall standards achieved by the School improve, on a year on year basis. Our strategy for achieving this is to have a high ratio of committed staff to students, and to ensure staff receive continuous professional development.

Principal Activity

The Company's principal activity continues to be to operate a non-selective, co-educational boarding and day school for students between the ages of 5 to 18.

Grant-making

As fees are relatively modest, grant making has to be constrained. Nevertheless, scholarships reduced annual income by £20,687. Applications, from whatever source are considered by the Head and approved or otherwise by the Board. There are no specific funds, and all costs reduce annual income.

Volunteers

The Parent Teacher Association raises funds for the School. During the year there would be more than 550 hours of voluntary service. The Board takes this opportunity to say how much we appreciate their continuing and valuable support.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the School

The School had its best ever A level results which resulted in the School jumping 145 places in the FT's top 500 independent schools. The results were well above those of our local competitors. Equally GCSE results were excellent, being better than last year. During the year our website was updated and this has already proved to be a substantial benefit to the School.

Fundraising Performance

The School has no target for fundraising. As has been mentioned above, the Parent Teacher Association does raise funds for the School. In 1940 the School was evacuated to Cumbria. As there was no fuel to transport the horses these had to be trekked across the Pennines. 65 years on, this trek was again undertaken to create publicity and raise funds for the School.

Investment Performance

Investments are with major UK clearing banks. The returns were in line with the base rate.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The deficit for the year is in line with the forecast. During the year the Board took action to address the position and expect the current year to be one of approximate break-even. The deficit has reduced free reserves from £606K to £544K. This is £6K below the level of reserves identified by the Board as appropriate to the Company's current needs for the efficient financial management of its activities at their present level. The levels of reserves are reviewed annually, and are presently calculated on the basis of one term's expenditure. The Company's principal funding source is that of school fees, it does not have any Advance Fee Payments (Composition) Schemes.

Investment Policy and Objectives

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 are to be in line with the base rate.

FUTURE PLANS

Our key objective remains the same as reported above for this year.

The Board is and will continue to keep the financial position of the School under review with the aim to provide funds for its long-term development.

The Board's short to medium term plans are for an all weather pitch, an accommodation block, and continued upgrading of facilities.

AUDITORS

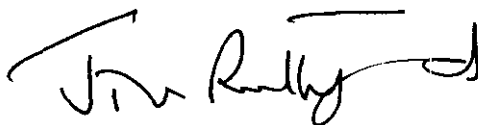
In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of N T O'Reilly & Partners as auditors to the Company will be put to the annual general meeting.

Approved by the Board of Directors at its meeting on 23 November 2005.

And signed on its behalf by:-

Dr J Rutherford

Chair



FYLING HALL SCHOOL TRUST LIMITED

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare 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 error, fraud or other irregularities.

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

We have audited the accounts of Fyling Hall School Trust Limited on pages 8 to 15 for the year ended 31 August 2005. These accounts have been prepared under the historical cost convention 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work' for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 5 the company's directors, who are also the charity trustees, are responsible for the preparation of their Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We report to you our opinion as to whether the accounts 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 Annual Report is not consistent with the accounts, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the other information contained in the Directors' Report and consider whether it is consistent with the audited accounts. 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 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 judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances as a charity, 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 accounts 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 accounts.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FYLING HALL SCHOOL TRUST LIMITED (Continued)**

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the charitable company as at 31 August 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

WTO'Kelly. R
24 November 2005

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

FYLING HALL SCHOOL TRUST LIMITED

Statement of Financial Activities for the year ended 31 August 2005

Income & Expenditure Account		Unrestricted Funds	
		<u>2005</u>	<u>2004</u>
	Notes	£000	£000
Incoming Resources:			
Income from Charitable Activities			
School Fees Receivable		1,593	1,648
Income from generated funds			
Grants and Donations	2	3	-
Activities for generating funds:			
Rents and Lettings		32	29
Investment Income		<u>25</u>	<u>19</u>
Total Incoming Resources/Gross Income		<u>1,653</u>	<u>1,696</u>
Resources Expended			
Charitable Activities:			
School Operating Costs		1,733	1,608
Governance Costs		19	16
Total Resources Expended	5	<u>1,752</u>	<u>1,624</u>
Net Incoming/ (Expended) Resources/ Net Movement in Funds for the year/ Net Income (Expenditure) for year			
		(99)	72
Funds brought forward 1 September 2004		<u>944</u>	<u>872</u>
Funds carried forward 31 August 2005		<u>845</u>	<u>944</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.

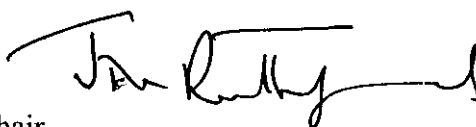
The notes on pages 10 to 15 form part of these accounts.

FYLING HALL SCHOOL TRUST LIMITED

Balance Sheet as at 31 August 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		<u>£000</u>	<u>£000</u>
Fixed Assets			
Tangible assets			
School land, buildings and equipment	6	301	338
Investment assets	7	<u>252</u>	<u>167</u>
		<u>553</u>	<u>505</u>
Current Assets			
Stock		5	6
Debtors	8	99	122
Cash		<u>354</u>	<u>454</u>
		458	582
Creditors: Due within one year:	9	<u>166</u>	<u>143</u>
Net Current Assets		<u>292</u>	<u>439</u>
Total Assets Less Current Liabilities – Net Assets		<u>845</u>	<u>944</u>
 Unrestricted Funds		 <u>845</u>	 <u>944</u>
Total Funds		<u>845</u>	<u>944</u>

Approved by the Board on 23rd November 2005
and signed on its behalf by



Dr J Rutherford, Chair

The notes on pages 10 to 15 form part of these accounts.

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31 August 2005

1. Accounting Policies

a) Basis of Preparation

The accounts are prepared under the Companies Act 1985, on the historical cost convention, and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by charities: the Charities SORP 2005, as modified by the Financial Reporting Standard for Smaller Entities.

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, which for each class of assets is initially assessed as averaging.

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 31 August, less bursaries and allowances. Fees received for education to be provided in future years are carried forward as deferred income.

d) Direct and Overhead Expenditure

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

e) Teaching Material

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

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31 August 2005

f) Pension Schemes

The school contributes to the Teachers Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the School by the scheme administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the Charity. In accordance with FRS17, the Scheme is accounted for as a defined contribution Scheme and contributions are accounted for when advised as due by the Scheme Administrator.

g) Cash Flow Statement

The Company qualifies as a small company and as such is exempt from the requirements to prepare a cash flow statement under FRS1 (revised) 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>Grants & Donations</u>	<u>2005</u>	<u>2004</u>
		<u>£000</u>	<u>£000</u>
	Sundry Donations	3	-
3	<u>Staff Costs</u>	<u>2005</u>	<u>2004</u>
		<u>£000</u>	<u>£000</u>
	Salaries	1,060	943
	Social Security Costs	76	67
	Pension Contributions	67	63
		<u>1,203</u>	<u>1,073</u>
	The average number of employees in the year was:	<u>2005</u>	<u>2004</u>
		<u>No.</u>	<u>No.</u>
	Teaching (full-time equivalents)	35	36
	Domestic	22.5	24.5
	Administrative	3.5	3.5
		<u>61.0</u>	<u>64.0</u>
	Total number of higher paid employees in each £10,000 band of emoluments from £60,000 upwards:	<u>Nil</u>	<u>Nil</u>

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31 August 2005

4 Transactions with related parties

The Directors of the Company are also trustees and governors. They are unpaid and thus have been excluded from the average number of employees. Expenses were reimbursed to the Directors of £1,030 (2004: £464). 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 £94.

5. (a) Expenditure – Analysis of Total Resources Expended

	<u>Staff Costs</u>	<u>Other</u>	<u>Depreciation</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Charitable Activities:</u>				
School operating costs:				
Teaching costs	871	92	5	968
Welfare costs	201	140	-	341
Premises	70	218	32	320
Support costs for schooling	<u>51</u>	<u>53</u>	<u>-</u>	<u>104</u>
	1,193	503	37	1,733
Governance costs	<u>10</u>	<u>9</u>	<u>-</u>	<u>19</u>
	<u>1,203</u>	<u>512</u>	<u>37</u>	<u>1,752</u>

5. (b) Expenditure – Other Disclosures

		<u>2005</u>	<u>2004</u>
		<u>£000</u>	<u>£000</u>
Governance Costs include:			
Auditor's remuneration:	For audit	5	4
	For other services	<u>6</u>	<u>6</u>

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31 August 2005

6. Tangible Fixed Assets

	Short-Term Leasehold Land & Buildings	Equipment Fixtures & Fittings	Motor Vehicles	Total
<u>Cost</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
1 September 2004	986	41	26	1,053
31 August 2005	986	41	26	1,053
<u>Depreciation</u>				
1 September 2004	683	22	10	715
Charge for Year	32	2	3	37
31 August 2005	715	24	13	752
<u>Net Book Values</u>				
31 August 2005	271	17	13	301
31 August 2004	303	19	16	338

7. Investments

	<u>2005</u>	<u>2004</u>
	<u>£000</u>	<u>£000</u>
Cash held for investment at 1 September 2004	167	263
Net increase/ (decrease)	85	(96)
Cash held for investment at 31 August 2005	252	167

8. Debtors

	<u>2005</u>	<u>2004</u>
	<u>£000</u>	<u>£000</u>
Fees	45	78
Other Debtors	31	23
Prepayments	23	21
	99	122

9. Creditors: due within one year

	<u>2005</u>	<u>2004</u>
	<u>£000</u>	<u>£000</u>
Trade Creditors	16	45
Other Taxes & Social Security	21	20
Accruals and Deferred Income	129	78
	166	143

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31 August 2005

10. Contracts and Commitments

No capital commitments were contracted for at 31 August 2005 (2004 – Nil).

11. Operating Lease Commitments

At 31 August 2005 the Company was committed to making the following annual payments in respect of operating leases:

	<u>Land and Buildings</u> £000
Leases which expire:	
After 5 years	28

12. Teachers Pension Scheme

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

In accordance with the Teachers Pension (Amendment) Regulations based on the latest actuarial valuation of the scheme issued in March 2003, the scheme has been attributed with notional assets equal to the actuarial value of the scheme liabilities as at 31st March 2001.

Following this valuation the standard contribution rate was revised from 14.35% to 19.5% from 1st April 2003, 6% to be paid by the teachers and the remaining 13.5% borne by the company.

The superannuation charge represents contributions payable to the fund of £67K (2004: £63K).

There is also a Stakeholder Pension Scheme in place, but to date no employee has elected to join the scheme.

FYLING HALL SCHOOL TRUST LIMITED

Notes to the Accounts

For the year ended 31 August 2005

13. Re-statement of Comparatives

This has become necessary as a result of the introduction of the Charities SORP 2005. There is no alteration to the net expenditure for the year.

	<u>£000</u>		Re-stated <u>£000</u>
Other Income	<u>29</u>	Rents - Lettings	<u>29</u>
	<u>29</u>		<u>29</u>
Resources Expended		Resources Expended	
Charitable Expenditure:	<u>£000</u>	Charitable Activities:	<u>£000</u>
Teaching Costs	869	School Operating Costs	1,608
Welfare	318	Governance Costs	16
Premises	313		
Support Costs	69		
Management and Administration of the Charity	<u>55</u>		
Total Resources Expended	<u>1,624</u>	Total Resources Expended	<u>1,624</u>

FYLING HALL SCHOOL TRUST LIMITED

Income and Expenditure Account

For the year ended 31st August 2005

	2005		2004	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Fees and Charges		1,555		1602
Extras		<u>38</u>		<u>46</u>
		1,593		1,648
Salaries	1,203		1,073	
Property Repairs	92		101	
Rent	36		36	
Cleaning Materials	11		9	
Power	46		36	
Rates and Water	17		17	
Insurance	22		22	
School Books	3		5	
Other Repairs & Renewals (inc. IT)	36		28	
Staff Meetings & Courses	9		7	
Food	122		132	
Laundry	11		13	
Transport	31		29	
Horses	9		6	
Bank Charges	-		1	
Telephone	3		8	
Post & Stationery	9		9	
Advertising	14		14	
Audit	5		4	
Payroll	6		6	
Sundries	27		25	
Swimming	2		2	
Depreciation	<u>37</u>		<u>41</u>	
		1,751		1,624
Profit/(Loss) on trading income		(158)		24
Stock Movement	(1)		-	
Interest Receivable	25		19	
Donations	3		-	
Sports Hall Income	2		2	
Other Income	<u>30</u>		<u>27</u>	
		59		48
Surplus for the year		<u>(99)</u>		<u>72</u>