Kingston Smith
Chartered Accountants

THE NORWEGIAN SCHOOL IN LONDON LIMITED
(Company Limited by Guarantee)

Charity Registration Number: 282358

Company Number: 1552721

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 JULY 2004



The Norwegian School in London
(Company Limited by Guarantee)

Contents

1	General Information and Professional Advisors
2-4	Report of the Board of Governors
4	Statement of Board of Governors' Responsibilities
5	Report of the Independent Auditors
6	Statement of Financial Activities
7	Balance Sheet
8-13	Notes to the Financial Statements

The Norwegian School in London
(Limited by Guarantee)

General Information and Professional Advisors

Registered Charity Number: 282358
Company Number: 1552721

Board of Governors
(as at 31st July 2004)

Nils Martin Gunneng
Trine Lund Andersen
Jan Schopp

Secretary
Kirsti H Jacobsen

Headteacher
Kirsti H Jacobsen

Principal Address
28 Arterberry Road
Wimbledon
London SW20 8AH

Registered Office
28 Arterberry Road
Wimbledon
London SW20 8AH

Bankers
Royal Bank of Scotland PLC
62-63 Threadneedle Street
London
EC2R 8LA

Den Norske Bank
Kongensgate 18
0021 Oslo
Norway

Auditors
Kingston Smith
Chartered Accountants
Quadrant House
80-82 Regent Street
London W1B 5RP

The Norwegian School in London
(Limited by Guarantee)
Report of the Board of Governors

The Board of Governors has pleasure in presenting its annual report and the audited financial statements of the school for the year ended 31 July 2004.

Constitution

The Norwegian School in London was established on 25 March 1981 as a private company limited by guarantee (Company Number 1552721) and registered as a charity (Registered Number 282358). It is governed by its Memorandum and Articles of Association.

The principal object of the charity is to promote the advancement of education of Norwegian children in the United Kingdom.

Principal Activities

The aim of the school is to provide its pupils with good, constructive tutoring in accordance with the Norwegian educational regulations and curriculum in a secure environment. It achieves this through the combined efforts of teachers, pupils and parents.

The school provides education for children aged from three to sixteen years old, at its premises in Wimbledon, in accordance with Norwegian educational regulations and following the Norwegian educational curriculum.

The school is financed by grants from the Norwegian Government and fees levied in respect of pupils, as well as donations from parents and others connected with the school.

There have been no changes in the objects of the School or to its methods of pursuing them since last year.

Board of Governors

The following people served on the Board of Governors and as directors of the company during the year:

N.M. Gunneng	
T.L. Andersen	(Appointed 24 September 2004)
J. Schopp	(Appointed 30 March 2004)
M.B. Aurstad	(Resigned 24 September 2003)
T.M. Anfinnsen	(Resigned 30 March 2003)

None of the Governors received any remuneration or reimbursement of expenses during the year.

Review of Activities

Status August 2004

The School is run by the Board of Governors, which consists of three members: two appointed by the Norwegian Embassy in London and one elected from among the parents.

The School had 25 employees, full time and part time (the school: 14, the kindergarten: 6 and administration: 5)

Review of Activities (continued)

53 pupils attended the school (2003 - 59) and 19 children attended the kindergarten (2003 - 32)

The School's main target group is Norwegian families on shorter or longer stay in London, living in the Wimbledon area.

Main Strategic Priorities 2004 - 2005

At the beginning of the school year the Governors discussed challenges faced by the Norwegian School in London in its 23rd year in Arterberry Road. The following priorities were set:

1. Continue to develop the school in a visionary direction, with focus on quality in teaching mixed-age groups, pedagogical development and a user-oriented organisation on all levels.
2. Systematize and quality-assure all routines and procedures connected with the day to day running of the school.
3. Cooperate with other Norwegian schools abroad in order to raise awareness and readiness to implement the changes in the Norwegian school curriculum that are taking place from 2005 onwards.
4. By 2006 establish a long-term plan and strategy for the school for year 2007– 2017.
5. Exploit the possibilities that the refurbishment of the school has produced to create a stimulating, creative and flexible learning environment within the school buildings.
6. Engage actively in marketing activities to spread knowledge about the Norwegian School in London in order to increase the number of pupils.

Present school routines:

The pupils attend school from 08.45 to 14.30 except on Mondays when Grades 5 - 10 finish at 15.30 and Fridays when Grades 1 - 7 finish at 11.30.

What was previously known as "Extra English" is now incorporated in the ordinary school day on all levels and included in the ordinary school fees.

The Kindergarten is open from 08.30 to 15.30 every day except Fridays, when it closes at 14.30.

The teachers follow the working agreement of the Norwegian teaching association and have 33,5 hours per week that they are required to be at school. Kindergarten staff and teaching staff have planning and strategy meetings every week, and there is cooperation between the kindergarten staff and the teachers once a month.

Based on the size of the school this year, there are no longer team-leaders, but a deputy head-teacher has been appointed and is responsible for some of the areas with which the team-leaders worked before.

Financial Review

Fees receivable decreased by £76,851, and grants receivable decreased by £41,668, which contributed to a 14.5% decrease in total unrestricted income received. Although cost savings were made, foreign exchange rate movements led to a net cost to the school of £37,745 (2003: net gain of £5,879). As a result the company made a net deficit on unrestricted funds of £15,037 (2003: net surplus of £119,914).

During the previous year the school undertook a major fundraising exercise to raise finance for the next phase of building improvement work. Much of the building work was carried out during the year at a cost of £270,918 (2003: £25,664). The balance of £56,118 has been carried forward in Restricted Funds and will be spent in the coming year.

The Governors wish to express their thanks to Statoil (UK) Limited, Gearbulk (UK) Limited and Wikborg Rein & Co for their generous donations towards this programme.

Risk Assessment

Risks to the business have been assessed, and the school has taken out Material Damage, All Risks and Business Interruption insurance, where increased cost of working and reduction in turnover is included.

Fixed Assets

Movements in fixed assets during the year are set out in note 5 to the accounts.

As stated in note 5 the Governors have assessed the value of the freehold buildings as comprising one fifth of the total original cost of acquiring the freehold property. All subsequent amounts capitalised as freehold property comprise freehold building costs.

In the opinion of the Board of Governors the market value of the freehold property is significantly in excess of the net book value of £807,976. A valuation made in Spring 1998 indicated that the value of the freehold property at that date was approximately £1 million.

Statement of Board of Governors' Responsibilities

Company law requires the Board of Governors 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 surplus or deficit of the company for that period.

In preparing those financial statements, the Board of Governors is required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 1985, the Statement of Recommended Practice, Accounting and Reporting by Charities and the charity's Memorandum and Articles of Association. 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.

On behalf of the Board of Governors

.....

Jan Schopp
Governor

28 Arterberry Road
Wimbledon
London SW20 8AH

Date: 14.12.2004

The Norwegian School in London
(Limited by Guarantee)
Independent Auditors' Report to the Members of
The Norwegian School in London Limited

We have audited the financial statements of The Norwegian School in London Limited for the year ended 31 July 2004 which comprise the Statement of Financial Activities, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention 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 for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board of Governors and Independent Auditors

The Governors' (who are also the directors of The Norwegian School in London Limited for the purposes of company law) responsibilities for preparing the Report of the Board of Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Board of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal 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 Report of the Board of Governors 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 charity is not disclosed.

We read other information contained in the Report of the Board of 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 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 Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 charity's affairs at 31 July 2004 and of its incoming resources and application of resources, including the income and expenditure of the charity for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith.

Quadrant House
80-82 Regent Street
London W1B 5RP

Kingston Smith
Chartered Accountants
and Registered Auditors

Date: 17-12-04

The Norwegian School in London
(Limited by Guarantee)
Statement of Financial Activities
for the year ended 31 July 2004

Income and Expenditure	Note	Unrestricted Funds	Restricted Funds	Total Funds 2004	Total Funds 2003
		£	£	£	£
Incoming resources					
Activities in furtherance of the charity's objectives:					
Fees receivable	2	582,049	-	582,049	658,900
Grants receivable	2	270,846	-	270,846	312,514
Donations	2	-		-	353,150
Other income	2	-	-	-	8,586
Activities for generating funds:					
School Shop	2	3,957	-	3,957	4,726
Bank interest received	2	6,025	-	6,025	17,839
Foreign exchange gains	2	-	-	-	5,879
Net Incoming Resources Available For Charitable Application		862,877	-	862,877	1,361,594
Resources expended					
Costs of activities in furtherance of objectives					
Staff costs	3	541,774	-	541,774	588,290
Educational supplies		47,829	-	47,829	50,488
Establishment costs		33,899	270,918	304,817	59,130
Other operating costs		43,931	-	43,931	40,792
Finance costs		14,154	-	14,154	13,015
Foreign exchange loss		37,745	-	37,745	-
Loss on disposal		-	-	-	1,508
Depreciation		18,058	12,550	30,608	45,341
		737,390	283,468	1,020,858	798,564
Management and administration of the company					
Staff costs	3	135,444	-	135,444	130,660
Audit fee		5,080	-	5,080	4,250
		140,524	-	140,524	134,910
Total Resources Expended		877,914	283,468	1,161,382	933,474
Net (expenditure)/income for the year		(15,037)	(283,468)	(298,505)	428,120
Balance brought forward		482,515	842,121	1,324,636	896,516
Balance carried forward	10	467,478	558,653	1,026,131	1,324,636

None of the company's activities were acquired or discontinued during the above two financial periods.
The company has no recognised gains and losses other than those dealt with in the above Statement of Financial Activities.
Restricted funds have been applied only for the purposes for which the income was received.

The Norwegian School in London
(Limited by Guarantee)
Balance Sheet at 31 July 2004

	Note	2004		2003	
		£	£	£	£
Fixed Assets					
Tangible assets	*5*		866,939		897,147
Current Assets					
Debtors	*6*	33,329		55,513	
Cash at bank and in hand		405,459		652,008	
		438,788		707,521	
Creditors: Amounts falling due within one year	*7*	(52,121)		(35,707)	
Net Current Assets			386,667		671,814
Total Assets Less Current Liabilities			1,253,606		1,568,961
Creditors: Amounts falling due after more than one year	*8*		(227,475)		(244,325)
Net Assets			1,026,131		1,324,636
Reserves					
Unrestricted funds	*10,13*		467,478		482,515
Restricted funds - Land and Buildings Fund		502,535		515,085	
- Refurbishment Fund		56,118		327,036	
	10,12		558,653		842,121
			1,026,131		1,324,636

Approved by the Board of Governors and signed on its behalf on 14-12-04

.....

Jan Schopp - Governor

The Norwegian School in London
(Limited by Guarantee)
Notes to the Financial Statements
for the year ended 31 July 2004

1. Accounting Policies

(a) **Accounting Basis and Standards**

These financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities, and the Financial Reporting Standard for Smaller Entities (effective 2002). The policies remain unchanged from the prior year.

(b) **Income**

All income other than donations and transport grants is accounted for on a receivable basis, with amounts relating to the next financial year being carried forward as deferred income. Donations and transport grants are accounted for when received.

(c) **Grants**

Grants are brought into the financial statements at the point where they are irrevocably committed to the Norwegian School in London. Where an element of a grant relates to expenditure to be incurred after the balance sheet date an appropriate amount of the grant is carried forward as deferred income.

(d) **Allocation of Expenditure**

Costs and expenses have been allocated between direct charitable and management and administration costs according to the nature of the work performed.

Direct charitable expenditure comprises all costs directly attributable to the provision of services in pursuance of the charitable objectives and policies, less any amounts allocated or apportioned to management and administration costs.

Management and administration costs comprise costs directly attributable to the management and administration of the school and an apportionment of such other costs to the extent that they relate to such management and administration.

All expenditure is accounted for under the accruals concept.

(e) **Pension Scheme Arrangements**

The Society operates a defined contribution pension scheme for some employees. The costs of the pension scheme are charged to the financial statements on an amounts payable basis.

(f) **Leasing and Hire Purchase Commitments**

Rentals paid under operating leases are charged to the financial statements on a straight line basis over the lease term.

(g) **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.
Depreciation on fixed assets, other than freehold land, is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	-	2% straight line basis
Fixtures and fittings	-	20% reducing balance
Computer equipment	-	33⅓% reducing balance

(h) **Translation of foreign currencies**

Assets and liabilities expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the end of the financial year. Income and expenditure arising from foreign currency transactions are translated at the exchange rate ruling at the date of the transaction. All differences on exchange translation, whether realised or unrealised, are dealt with in the income and expenditure account.

(i) **Cashflow Statement**

The company has taken advantage of the concession available to small organisations and has accordingly not prepared a cashflow statement.

2. Incoming Resources	2004 £	2003 £
Fees	582,049	658,900
Grants - received from the Norwegian authorities	269,962	310,610
Refurbishments Donation (Restricted)	-	352,700
Transport grants	884	1,904
School Shop	3,957	4,726
Donations	-	450
Other income and fundraising	6,025	32,304
	862,877	1,361,594

3. Staff Costs	£	£
Wages and salaries	589,731	597,678
Social security costs	62,175	59,769
Other pension costs	13,500	47,608
Other staff costs	11,812	13,895
	677,218	718,950

Other staff costs include staff recruitment fees, the cost of supply teachers and teachers' training, allowances and welfare costs.

Two members of staff earned in excess of £50,000 during the year (2003: nil), both were paid between £50,000 and £60,000. The company made contributions to a defined contribution pension scheme of £13,500 (2003: £47,608) during the year.

Staff costs are allocated between activities as follows:	£	£
Direct charitable expenditure	541,774	588,290
Management and administration	135,444	130,660
	677,218	718,950

The average number of staff employed by the School during Autumn 2003 / Spring 2004 was:	No.	No.
Teaching	20	18
Management	5	4
	25	22

The members of the Board of Governors are regarded as directors for the purposes of the Companies Act 1985. None of the members of the Board of Governors received any remuneration in respect of their services to the School (2003 - £nil).

The company operates a defined contribution pension scheme for some employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company to the fund amounted to £18,580 (2002 - £47,608).

4. Taxation

The school is a registered charity and therefore is entitled to exemption from United Kingdom taxation in accordance with Section 505 ICTA 1988.

The company is unable to register for VAT purposes, and operating costs therefore include the VAT element where this has been incurred.

5. Tangible Fixed Assets

	Land and Buildings	Fixtures and Fittings	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 August 2003	941,459	182,095	51,833	1,175,387
Additions	-	-	400	400
At 31 July 2004	941,459	182,095	52,233	1,175,787
Accumulated depreciation				
At 1 August 2003	114,652	140,680	22,908	278,240
Charge for the year	12,550	8,284	9,774	30,608
At 31 July 2004	127,202	148,964	32,682	308,848
Net Book Value				
At 31 July 2004	814,257	33,131	19,551	866,939
At 31 July 2003	826,807	41,415	28,925	897,147

All assets are used for the charitable purposes of the company.

The Board of Governors consider that the historic cost of the Freehold Land & Buildings is comprised as follows:

	£
Freehold land	274,622
Freehold buildings	655,704
Tennis courts	11,133
	941,459

6. Debtors

	2004	2003
	£	£
Outstanding fees	2,860	9,063
Other debtors	4,651	5,337
Prepayments	25,818	41,113
	33,329	55,513

7. Creditors: Amounts falling due within one year	2004 £	2003 £
Bank loans and overdraft (see note 9)	16,850	16,850
Trade creditors	1,200	-
Other creditors	-	1,839
Accruals	34,071	17,018
	52,121	35,707

8. Creditors: Amounts falling due after more than one year	£	£
Bank loans (see note 9)	227,475	244,325

9. Bank loans and overdrafts

The total amount of bank loans and overdrafts was as follows:	£	£
Falling due within one year:	16,850	16,850
Falling due after more than one year	227,475	244,325
	244,325	261,175

The bank loan is repayable in equal half yearly installments over twenty years commencing from September 1998. The loan is secured by a fixed charge over the freehold property of the school. Interest is payable annually at 1.25% over the bank's base rate, with a minimum agreed base rate of 4%.

10. Analysis of Net Assets between Funds	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 July 2004 are represented by:			
Tangible fixed assets	52,682	814,257	866,939
Net current assets/(liabilities)	414,796	(28,129)	386,667
Creditors: Amounts falling due after more than one year	-	(227,475)	(227,475)
	467,478	558,653	1,026,131

11. Financial Commitments	2004 Other	2003 Other
	£	£
Annual commitments under operating leases which expire:		
in less than one year	876	3,972
within two to five years	2,938	-

12. Restricted Funds

Land and Buildings Fund	£	£
At 1 August 2003	515,085	533,915
Net expenditure during the year - depreciation	(12,550)	(18,830)
At 31 July 2004	502,535	515,085

The Land and Buildings Fund represent amounts donated specifically towards the cost of land and buildings used by the school, together with amounts designated towards those costs by the Governors and transferred from the Unrestricted Fund. The value of the Fund represents the net book value of the land and buildings, less the amount of loan outstanding in connection with the purchase of the land and buildings.

Refurbishment Fund	£	£
At 1 August 2003	327,036	-
Donations received during the year	-	352,700
Refurbishment expenditure during the year	(270,918)	(25,664)
At 31 July 2004	56,118	327,036

The Refurbishment Fund represents amounts donated specifically towards the cost of a refurbishment programme currently underway at the school, together with amounts designated towards those costs by the Governors and transferred from the Unrestricted Fund. The value of the fund represents amounts donated to the school which have not yet been spent as part of the programme.

13. Unrestricted Funds

	£	£
At 1 August 2003	482,515	362,601
Net (expenditure)/income during the year	(15,037)	119,914
At 31 July 2004	467,478	482,515

14. Transactions with Connected Persons

During the year, the school received a donation of £nil (2003:£350,000) from Statoil (UK) Limited, a company of which R. Bjørnson was the managing director. At the time of the donation, Mr Bjørnson was also a Governor of the school.

The children of May Bente Aurstad attended the school during the year on terms and conditions which were the same as for all other pupils at the school.

There were no other transaction, either directly or indirectly, between the company and any of the Governors.

15. Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

16. Liabilities of Members

The company is a registered charity and is limited by guarantee. Each member of the Board of Governors is a member and is liable for the payment of the liabilities of the company, subject to a maximum liability of £1 per member.

17. Capital Commitments

At the year end the school had committed to expenses in relation to the redevelopment of the tennis court area. The work was completed early in August at a cost of £14,880. No provision is included within the accounts as no work had commenced pre year end and only a deposit of £5,000 had been paid during the year.