

Highclare School

(A company limited by guarantee)

Governors' Report and Consolidated Financial Statements for the Year Ended 31 August 2011

Registered number 1074596
Registered charity number 528940

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Highclare School
Financial Statements
For the Year Ended 31 August 2011

Contents	Pages
Governors and General Information	1
Governors' Report	2 - 5
Independent Auditors' Report	6 - 7
Consolidated Statement of Financial Activities	8
Note of Historical Cost Profits and Losses	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Cash Flow Statement	12
Notes to the Consolidated Financial Statements	13 - 27

Highclare School

Governors and General Information

Governors:	J A Barrett (President) Mrs L E Flowith (Chairman) J R Brain ACA Mrs P A Mayall A I Hazel R O Dauncey Mrs S D Watson Mrs J Hurst
Head:	Mrs M Viles BA (Hons) Med PGCE
Educational establishments:	Highclare - Woodfield Nursery and Preparatory Departments 241 Birmingham Road Wylde Green Sutton Coldfield West Midlands B72 1EA Highclare - St Paul's Preparatory and Junior Departments 88 Lichfield Road Sutton Coldfield West Midlands B71 2SY Highclare - The Abbey Junior and Senior Departments 10 Sutton Road Erdington Birmingham B23 6QL
Registered office	241 Birmingham Road Wylde Green Sutton Coldfield West Midlands B72 1EA
Bankers	HSBC Bank Plc The Bridge Walsall WS1 1LN
Auditors:	RSM Tenon Audit Limited Charterhouse Legge Street Birmingham B4 7EU
Charity number:	528940
Company number:	1074596

Highclare School

Governors' Report

The Governors submit their report and the audited consolidated financial statements of the Group for the year ended 31 August 2011

The Governors have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in 2005 in preparing the Annual Report and Financial Statements

Structure, Governance and Management

The Company is limited by guarantee and is registered as a charitable educational trust. There is no share capital. Its Memorandum and Articles of Association govern the Company.

Governors' responsibilities

The Governors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the surplus or deficit of the group for that period. In preparing those financial statements, the Governors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and Statements of Recommended Practice have been followed, subject to any departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are also responsible for ensuring that the assets are properly applied in accordance with charity law.

The Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Governors has confirmed that they have taken all steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Highclare School

Governors' Report (continued)

Organisational Management

The directors of the Company are also Charity Trustees for the purposes of Charity Law and under the Company's Articles are known as Governors. The Governors are all members of the Company serving in a non-executive capacity and receive no emoluments. The day to day management of the School is delegated to the Head and her Management Team.

The Governors at 31 August 2011 were

J A Barrett (President)
Mrs L E Flowith (Chairman)
J R Brain (Treasurer)
Mrs P A Mayall
A I Hazel
R O Dauncey
Mrs S D Watson
Mrs J Hurst

L E Flowith and P A Mayall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Recruitment and Training of Governors

Governors are familiar with the aims, objectives and practical operation of the school, usually either by being parents of children who are currently being educated at the School or having had children attend the School in the past. New Governors are appointed by the Board of Governors and re-elected at the next Annual General Meeting.

Additionally, new Governors are provided with a copy of the latest financial statements and Memorandum and Articles of Association as well as a copy of the Charity Commission's guidance, 'The Essential Trustee: What you need to know'.

Group Structure and Relationships

The School has a wholly owned non-charitable subsidiary, Highclare Investments Limited. Highclare Investments Limited also has a wholly owned subsidiary, Highclare Limited. The principal activity of both subsidiaries is property ownership and management although both subsidiary companies were non-trading throughout the current financial year.

Risk Management

The major risks, to which the Charity is exposed, as identified by the Governors, have been reviewed and systems have been established to mitigate those risks. A risk register has been established and is updated throughout the year.

Highclare School

Governors' Report (continued)

Objectives and Activities

The principal activity of the Group remains the provision of tuition and general education facilities to children between eighteen months and eighteen years

The objectives of the Charity are -

- (a) To promote and provide for the advancements of education and training and in connection therewith to conduct, carry on, acquire and develop in the United Kingdom or elsewhere any boarding or day school or schools for the education of children and young people of either sex or both sexes,
- (b) To provide facilities in the interest of social welfare for the recreation and leisure time occupation for children and young people with the object of improving their conditions of life

For over 70 years, Highclare has been pursuing its policy of encouraging pupils to achieve their greatest potential. The Highclare philosophy goes much further than educational excellence. We also endeavour to work with both students and parents to equip our young people to cope with the pressures of modern society.

Achievements and Performance

Academic achievement is a matter of record, with our pupils winning places at top Independent and State Grammar Schools at junior level and gaining their choice of University after the Sixth Form. Our position in the examination tables at all levels has placed us fairly amongst the top Independent and State schools in the region.

Academic results during the year were once again excellent with 100% pass rate at 'A' Level, with 78% of those at A* to C grades. There was 100% pass rate at GCSE with 97% gaining 5 or more A* to C grades.

Academic 'value added', using the University of Durham measures of MidYIS, Yellis and ALIS, is excellent, with all pupils achieving a positive level of value added.

Attaining these academic achievements was in addition to outstanding success in sporting activities and team performances achieved in netball, hockey, tennis, gymnastics, cross country, swimming, athletics, football, tag rugby and cricket. Several pupils were selected for County and National representation. Some musicians have been selected for Central Birmingham Groups. Other pupils have excelled in LAMDA examinations and Art Competitions and have displayed their work at local exhibitions.

The Governors offer their congratulations to the girls and boys who participated in these achievements and thank the teachers and parents for their commitment and support.

Pastoral care continues to be a strength of the school with comprehensive policies on Personal, Social, Health and Citizenship Education (PSHCE), Social and Emotional Aspects of Learning (SEAL) and careers guidance, together with an outstanding tutor system.

Community Involvement

The School has an on-going commitment to encourage all pupils of every age to engage (at appropriate levels) in community involvement.

These include personal visits to residential and care homes and a local special needs school. Invitations are extended to these residents to a number of school events such as concerts and plays. In addition, pupils and staff participate in numerous fund raising activities for local, national and international projects. During the year the School raised the sum of £17,192 and has made donations to a number of charities totalling the same amount. In the preceding year the School made donations of £19,343. The Governors are grateful to the pupils and their parents for these considerable fund raising efforts.

Neighbouring primary schools enjoy the use of the School's recreational facilities at the Abbey site and the Church next door use the car park every weekend. A local community choir uses the school hall weekly.

Highclare School

Governors' Report (continued)

The Trustees have considered their response to the change to the law, as embodied in the Charities Act 2006 requiring that public benefit can no longer be presumed but must be demonstrated. In addition, they have had due regard for Charity Commission guidance on the subject.

Scholarship Awards

Academic scholarships are awarded to pupils who perform particularly well in the examinations and have already demonstrated a considerable degree of all round commitment to their school. Additional scholarships will be awarded for those pupils showing a particular talent in either Music, Sport or Art. A limited number of bursaries are offered based on financial needs.

Financial Review

The total fees in respect of pupils amounted to £5,447,924 for the year (2010 £5,033,992). There were net incoming resources for the year of £32,599 (2010 net outgoing resources of £142,547).

Reserves Policy

It is the policy of the Charity to maintain separate reserve funds for specific purposes. The Charity aims to retain consolidated unrestricted reserves equivalent to the carrying value of the tangible fixed assets, which amount to £4,911,681 as at 31 August 2011 (2010 £4,634,961). It is the objective of the Board of Governors for the reserves to continue to increase until this target is met, although this will take a number of years to achieve. Consolidated unrestricted reserves at 31 August 2011 amounted to £2,155,150 (2010 £2,123,805).

Parents Teachers Association

The PTA plays a very important part in the school, organising events for the children and parents and raising funds for the school. During the course of the year it donated £13,500 (2010 £985).

Child Protection Code of Practice

It is the policy of Highclare School to provide a safe and secure environment in which children can thrive and develop and where all aspects of their welfare will be protected. A Child Protection Code of Practice has been adopted and is updated on a regular basis.


Plans for Future Periods

The Governors plan to continue to improve the educational and academic achievements of pupils by the provision of enhanced facilities. Constant monitoring of performance means that the School's medium to long term strategy is under review and any changes that are necessary will be considered and implemented.

Auditors

A resolution to re-appoint RSM Tenon Audit Limited as auditors will be put to the members at the Annual General Meeting.

Approved by the Board on 11 January 2012 and signed on its behalf by -


J.R. Brahm
Governor

**Independent Auditors Report to the Members of
Highclare School
(A Company Limited By Guarantee) (Registration number 1074596)**

We have audited the financial statements of Highclare School for the year ended 31 August 2011, set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, under Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work had been undertaken so that we might state to the charitable company's governors 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 charitable company and its governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Governors and Auditors

As described more fully in the Governors' Responsibilities Statement set out on page 2, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed Auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and parent charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we report all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2011, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993

**Independent Auditors Report to the Members of
Highclare School
(A Company Limited By Guarantee) (Registration number 1074596)**

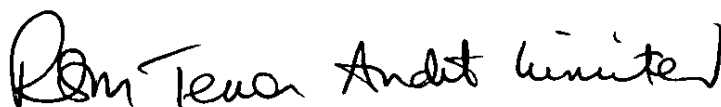
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Peter Whitehead BA(Hons) FCA
Senior Statutory Auditor

For and on behalf of
RSM Tenon Audit Limited
Statutory Auditor

Date 11 January 2012

Charterhouse
Legge Street
Birmingham
B4 7EU

Highclare School

Consolidated Statement of Financial Activities for the year ended 31 August 2011

	Note	Unrestricted funds £	Restricted funds £	Total funds 2011 £	Total funds 2010 £
Incoming resources from charitable activities					
School fees receivable		5,447,924	-	5,447,924	5,033,992
Registration fees		10,203	-	10,203	10,911
School activities and trips		46,561	-	46,561	62,132
Incoming resources from generated funds					
Activities for generating funds		22,750	-	22,750	22,740
Rents and lettings		9,624	2,367	11,991	8,580
Other income					
Total incoming resources		5,537,062	2,367	5,539,429	5,138,355
Resources expended					
Charitable activities					
School operating costs	3	(5,370,498)	(1,113)	(5,371,611)	(5,136,616)
School activities and trips		(46,561)	-	(46,561)	(62,132)
Governance costs	4	(20,889)	-	(20,889)	(13,713)
Costs of generating funds					
School finance costs	6	(67,769)	-	(67,769)	(68,441)
Total resources expended	7	(5,505,717)	(1,113)	(5,506,830)	(5,280,902)
Net incoming / (outgoing) resources and net movement in funds		31,345	1,254	32,599	(142,547)
Fund balance brought forward at 1 September 2010		2,123,805	13,506	2,137,311	2,279,858
Fund balance carried forward at 31 August 2011		2,155,150	14,760	2,169,910	2,137,311

Incoming resources and net outgoing resources are derived wholly from continuing operations

There were no recognised gains and losses in the current or prior financial periods other than those included in the statement of financial activities

Highclare School

Note of Historical Cost Profits and Losses for the year ended 31 August 2011

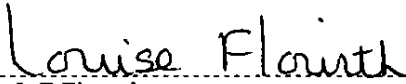
	Notes	2011 £	2010 £
Reported net Incoming / (outgoing) resources for the year	22	32,599	(142,547)
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the relevant amount		1,196	1,196
Historical cost net incoming/(outgoing) resources		<u>33,795</u>	<u>(141,351)</u>

Highclare School

Consolidated Balance Sheet at 31 August 2011 (Registration number 1074596)


	Note	2011 £	2010 £
Fixed assets			
Intangible assets	10	353,913	388,163
Tangible assets	11	4,911,681	4,634,961
		5,265,594	5,023,124
Current assets			
Debtors	13	293,033	327,548
Cash at bank and in hand		2,696	967
		295,729	328,515
Creditors Amounts falling due within one year	14	(1,764,783)	(1,779,686)
Net current liabilities		(1,469,054)	(1,451,171)
Total assets less current liabilities		3,796,540	3,571,953
Creditors Amounts falling due more than one year	15	(1,626,630)	(1,434,642)
Total net assets		2,169,910	2,137,311
Restricted Funds			
	17a	14,760	13,506
Unrestricted Funds			
General unrestricted funds	17b	1,792,910	1,760,369
Revaluation reserves	17b	362,240	363,436
		2,169,910	2,137,311

These financial statements were approved on 11 January 2012 and signed on its behalf by



 Mrs L E Flawith

Governor



 J R Brain

Governor

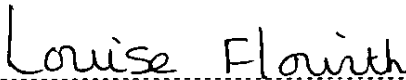
The notes on pages 13 to 27 form an integral part of these financial statements

Highclare School

Balance Sheet at 31 August 2011 (Registered number 1074596)

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	10	353,913	388,163
Tangible assets	11	2,442,662	2,122,450
Investment	12	950,000	950,000
		3,746,575	3,460,613
Current assets			
Debtors	13	2,496,476	2,529,725
Cash at bank and in hand		2,696	967
		2,499,172	2,530,692
Creditors Amounts falling due within one year	14	(1,763,577)	(1,778,506)
		735,595	752,186
Net current assets			
		4,482,170	4,212,799
Creditors Amounts falling due after more than one year	15	(1,626,630)	(1,434,642)
		2,855,540	2,778,157
Total net assets			
		2,855,540	2,778,157
Restricted Funds			
	17a	14,760	13,506
Unrestricted Funds			
General unrestricted funds	17b	2,756,750	2,680,621
Revaluation reserves	17b	84,030	84,030
		2,855,540	2,778,157

These financial statements were approved on 11 January 2012 and signed on its behalf by



 Mrs L E Flawith Governor



 J R Brain Governor

The notes on pages 13 to 27 form an integral part of these financial statements

Highclare School

Consolidated Cash Flow Statement for the Year Ended 31 August 2011

	Note	2011 £	2010 £
Cash inflow from operating activities	18	415,568	88,060
Returns on investments and servicing of finance			
Interest paid		(67,769)	(68,441)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(441,627)	(80,434)
Surplus on disposal of tangible fixed assets		1,000	-
		(92,828)	(60,815)
Cash outflow before financing			
Financing			
Repayment of other creditors	19	(99,166)	(84,999)
Repayment of loans		238,572	(25,628)
		46,578	(171,442)
Increase / (Decrease) in cash in the year			
Reconciliation of net cash flow to movement in net debt			
		2011 £	2010 £
Increase/ (Decrease) in cash in the year		46,578	(171,442)
Cash inflow/(outflow) from decrease in debt and leasing finance		(139,406)	110,627
		(92,828)	(60,815)
Change in net debt resulting from cash flows in the period being movements in net debt in the year			
Net debt at start of year		(2,301,806)	(2,240,991)
		(2,394,634)	(2,301,806)
Net debt at end of year			

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

1. Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared under the historical cost accounting convention, other than certain freehold properties and investment properties which are stated at valuation, and in accordance with the Statement of Recommended Practice (SORP) "Accounting and reporting by Charities" published in 2005 and applicable accounting standards. There are no discontinued operations. No separate statement of financial activities is presented for the company as permitted by section 408 of the Companies Act 2006.

Basis of Consolidation

The Group financial statements consolidate the accounts of the Company and its two subsidiary undertakings. Intra-group transactions and profits are eliminated on consolidation.

Going concern

The Group meets its day to day working capital requirements through a bank overdraft facility. The Group also has a recently agreed Long Term Loan facility to fund the long term Group strategy.

The Group's forecasts and projections show that the Group is able to operate within the level of its current facility. The Group is in regular contact with its bankers and no matters have been brought to its attention to suggest that the current facilities will not be forthcoming on acceptable terms.

The Governors believe that the Group has adequate resources to continue its current operations and pursue its Long Term Strategy as they believe it has the ability to meet its debts as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Fees and similar Income

Fees receivable and charges for services 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.

Donations

Donations receivable for the general purposes of the school are credited to unrestricted funds. Donations subject to specific wishes of the donors are carried to relevant restricted funds.

Governance Costs

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the Governors, professional indemnity insurance for Governors and officers, and all the costs of complying with constitutional and statutory requirements, such as the cost of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Costs of Generating Funds

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Charitable Activities

Charitable activities include expenditure on providing education and include both direct costs and support costs relating to the activity.

Support Costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources e.g. staff costs by the time spent and other costs by their usage.

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

1. Accounting Policies (continued)

Fund Accounting

General unrestricted funds comprise the accumulated surpluses and deficits on general funds and the cumulative realised and unrealised gains on investment. They are available for use at the discretion of the Governors in furtherance of the general charitable objectives.

Restricted funds are created when donations are received either for a particular area or purpose, the use of which is restricted to that area or purpose. Expenditure is charged to the Statement of Financial Activities when incurred.

Tangible Fixed Assets

Tangible fixed assets acquired are capitalised in the balance sheet at their original cost or valuation. Items costing less than £250 are written off as an expense in the period in which they are acquired.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Freehold properties	2% straight line
Leasehold improvements	2% straight line
Fixtures, fittings and equipment	25% reducing balance
Computer equipment (teaching)	33 33% straight line
Motor vehicles	20% straight line
Investment properties	Nil

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

Investment Properties

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 2006 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption but as investments, the disposal of which would not materially affect the operations of the Group. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in Note 11.

Purchased Goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the Governors this represents the period over which goodwill is effective.

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

1. Accounting Policies (continued)

Leases

Rentals paid under operating leases are charged to income in the period to which they relate

Pensions – Defined Contribution Scheme

Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme

2. Status of Company

The Company is limited by guarantee and does not have a share capital. The liability of members is limited and shall not exceed £10.

The Company has taken advantage of section 62 of the Companies Act 2006 and deleted the word "Limited" from its name.

3. School Operating Costs

	Unrestricted funds £	Restricted funds £	Total 2011 £	Total 2010 £
Salaries	3,801,971	-	3,801,971	3,679,566
Teaching materials	133,268	-	133,268	90,351
Kitchen expenses	365,963	-	365,963	346,392
Rent, rates and insurance	86,119	-	86,119	86,019
Heat and light	134,603	-	134,603	170,186
Cleaning	138,176	-	138,176	139,869
Training	19,554	-	19,554	13,906
Repairs and renewals	143,769	-	143,769	130,386
Motor and transport	37,412	-	37,412	31,083
Depreciation				
Fixtures, vehicles and equipment	107,003	-	107,003	117,075
Freehold buildings	56,828	1,077	57,904	57,609
Amortisation of goodwill	34,250	-	34,250	34,251
Profit on disposal of fixed assets	(1,000)	-	(1,000)	-
Support costs				
Printing and stationery	133,683	-	133,683	91,244
Advertising	57,277	-	57,277	47,980
Sundry expenses	59,313	36	59,349	59,587
Professional charges	36,335	-	36,335	21,890
Bank charges	25,974	-	25,974	19,222
	5,370,498	1,113	5,371,611	5,136,616

4. Governance Costs

	Unrestricted funds £	Restricted funds £	Total 2011 £	Total 2010 £
Auditors' remuneration (see note 7)	20,889	-	20,889	13,713

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

5 Staff Costs

	2011 No	2010 No
The average monthly number of persons employed by the Group during the year was		
Teachers	161	157
Administration	23	18
Auxiliary staff	52	50
	236	225
	236	225
	2011 £	2010 £
Staff costs for above persons		
Wages and salaries	3,370,122	3,247,122
Social security costs	269,685	264,529
Other pension costs	162,164	167,915
	3,801,971	3,679,566
	3,801,971	3,679,566

There was one (2010 one) employee whose emoluments as defined for taxation purposes amounted to over £60,000 Their emoluments fell within the band £70,001 to £80,000 (2010 £70,001 to £80,000)

Pension costs in respect of the above employee totalled £10,247 (2010 £10,247) One (2010 one) higher paid employee is accruing benefits under the defined contribution pension scheme

Defined contribution pension scheme

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The pension costs charge represents contributions payable by the Group to the fund and amounted to £162,164 (2010 £167,915)

Governors and officers

As part of its insurances the Group maintains cover for the Governors and officers against liabilities in relation to their duties to the School The cost cannot be separately identified from the overall cost of insurance cover maintained

The Governors do not receive any remuneration from the School and no expenses were reimbursed to Governors in the year to 31 August 2011 or the previous financial year

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

6 Interest Payable

	2011 £	2010 £
Bank interest	67,769	68,441
	67,769	68,441

7 Total Resources Expended

	2011 £	2010 £
Total resources expended on charitable activities includes		
Depreciation of tangible fixed assets	164,907	174,684
Amortisation of intangible fixed assets		
- purchased goodwill	34,250	34,251
Deficit on disposal of tangible fixed assets	(1,000)	-
	(1,000)	-
Governance costs includes		
Auditors' remuneration		
- for audit services	10,050	10,000
- for other services	10,839	3,713
	20,889	13,713

8 Taxation

The Company is registered as a charitable educational trust and, under the provisions of Section 505, Income and Corporation Taxes Act 1988, is exempt from liabilities to taxation on its charitable activities. No corporation tax liability arises on the results of the subsidiary undertakings for the year.

9. Income and Expenditure of Parent Undertaking

Unrestricted income of £5,537,062 (2010 £5,138,355) shown in the consolidated statement of financial activities all relates to the parent undertaking.

Unrestricted expenditure of £5,460,933 (2010 £5,278,908) relates to the parent undertaking. The surplus for the financial period in the accounts of the parent undertaking after restricted items was £76,129 (2010 deficit of £95,978).

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

10. Intangible Fixed Assets

	Purchased Goodwill £
Group and Company Cost	
At 1 September 2010 and 31 August 2011	685,000
	<hr/>
Amortisation	
At 1 September 2010	296,837
Charged in the year	34,250
	<hr/>
At 31 August 2010	331,087
	<hr/>
Net book value	
At 31 August 2011	353,913
	<hr/>
At 31 August 2010	388,163
	<hr/>

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

11. Tangible Fixed Assets

	Investment properties £	Freehold properties £	Fixtures, fittings, vehicles & equipment £	Total £
Group				
Cost or valuation				
At 1 September 2010	219,162	4,885,818	1,514,876	6,619,856
Additions	-	343,115	98,512	441,627
Disposals	-	-	(12,925)	(12,925)
At 31 August 2011	219,162	5,228,933	1,600,463	7,048,558
Depreciation				
At 1 September 2010	-	775,557	1,209,338	1,984,895
Charged in the year	-	57,904	107,003	164,907
Elimination on Disposals	-	-	(12,925)	(12,925)
At 31 August 2011	-	833,461	1,303,416	2,136,877
Net Book Value				
At 31 August 2011	219,162	4,395,472	297,047	4,911,681
At 31 August 2010	219,162	4,110,261	305,538	4,634,961
Company				
Cost or valuation				
At 1 September 2010	219,162	1,757,883	1,514,876	3,491,921
Additions	-	343,115	98,512	441,627
Disposals	-	-	(12,925)	(12,925)
At 31 August 2011	219,162	2,100,998	1,600,463	3,920,623
Depreciation				
At 1 September 2010	-	160,133	1,209,338	1,369,471
Charged in the year	-	14,412	107,003	121,415
Elimination on Disposals	-	-	(12,925)	(12,925)
At 31 August 2011	-	174,545	1,303,416	1,447,961
Net Book Value				
At 31 August 2011	219,162	1,926,453	297,047	2,442,662
At 31 August 2010	219,162	1,597,750	305,538	2,122,450

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

11. Tangible Fixed Assets (continued)

i) On historical cost basis the freehold property would be included at

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Cost	4,836,959	4,493,844	2,006,967	1,663,852
Depreciation	(807,316)	(749,512)	(164,545)	(150,133)
	4,029,643	3,744,332	1,842,422	1,513,719
	4,029,643	3,744,332	1,842,422	1,513,719

Freehold land and buildings at 241 Birmingham Road, Wylde Green were re-valued during the year ended 31 August 1995 at open market value with vacant possession by Weatherall, Green & Smith, independent chartered surveyors. The Governors are satisfied that this valuation is appropriate, and currently have no intention to perform further revaluations.

The transitional rules set out in FRS 15 - Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained. The governors are aware of their responsibilities to ensure that there has been no impairment to the value at which the properties are included in the financial statements. On the basis of advice and enquiry of appropriate professionals the governors are confident that the value of the freehold properties is not impaired and exceeds the book values retained at implementation of FRS 15.

ii) On a historical cost basis the investment property would be included at

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Cost	219,162	219,162	219,162	219,162
Depreciation	-	-	-	-
	219,162	219,162	219,162	219,162
	219,162	219,162	219,162	219,162

In accordance with the requirements of Statement of Standard Accounting Practice number 19, but contrary to the requirements of the Companies Act 2006, investment properties are not depreciated. Instead, they are re-valued annually, which the Governors consider necessary in order to show a true and fair view.

Since the property was acquired in 2005, the governors consider that its market value at 31 August 2011 is not materially different to its cost.

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

11. Tangible Fixed Assets (continued)

- iv) Included in Group freehold land and buildings is land with a total cost or valuation of £1,027,500 (2010 £1,027,500) which is not depreciated
- v) All fixed assets other than the investment properties are used for direct charitable purposes

12. Investment

The investment represents 950,000 £1 ordinary shares acquired at par in Highclare Investments Limited, a wholly owned subsidiary. Highclare Investments Limited also has a wholly owned subsidiary, Highclare Limited, in which it holds 900,000 £1 ordinary shares again acquired at par. The principal activity of both subsidiaries is property ownership and management and both are incorporated in England.

	Highclare Investments Limited		Highclare Limited	
	2011 £	2010 £	2011 £	2010 £
Summary profit and loss account				
Turnover	-	-	-	-
Administrative expenses	(9,145)	(8,932)	(35,637)	(35,643)
Interest receivable	-	-	-	-
Interest payable	(1)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net loss for the year and Retained in the subsidiary	(9,146)	(8,932)	(35,637)	(35,643)
	<hr/>	<hr/>	<hr/>	<hr/>
The assets and liabilities of the subsidiaries were				
Fixed assets	2,138,100	2,146,600	1,230,919	1,265,911
Current assets	32	-	22	22
Creditors Amounts falling due within one year	(1,331,518)	(1,330,840)	(873,185)	(872,540)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	806,614	815,760	357,756	393,393
	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate share capital and reserves	806,614	815,760	357,756	393,393
	<hr/>	<hr/>	<hr/>	<hr/>

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

13. Debtors

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Due within one year				
Outstanding fees	133,478	146,037	133,478	146,037
Amounts owed by subsidiary undertakings		-	2,203,443	2,199,194
Other debtors	10,681	24,268	10,681	24,268
Prepayments	148,874	157,243	148,874	157,243
	<u>293,033</u>	<u>327,548</u>	<u>2,496,476</u>	<u>2,529,725</u>

14. Creditors Amounts falling due within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank overdraft	632,145	676,994	632,199	676,990
Bank loans	25,223	26,138	25,223	26,138
Fees in advance	269,746	309,121	269,746	309,121
Other taxation and social security	196,492	192,485	196,492	192,485
Other creditors	446,970	516,106	446,970	516,106
Accruals	193,028	53,392	191,768	52,216
PTA Fund	1,179	5,450	1,179	5,450
	<u>1,764,783</u>	<u>1,779,686</u>	<u>1,763,577</u>	<u>1,778,506</u>

During the year to 31 August 2011, the PTA has contributed funds totalling £13,500 (2010 £985) which have been spent on equipment and improvements to school facilities

Bank loans and overdrafts are secured by a fixed charge over book debts and a floating charge over all other assets of the Group, together with mortgages over freehold properties

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	1,420,782	1,181,295	1,420,782	1,181,295
Other creditors	205,848	253,347	205,848	253,347
	1,626,630	1,434,642	1,626,630	1,434,642

Other creditors falling due after more than one year are secured by a fixed charge over certain freehold land and buildings owned by the company

Maturity of borrowings

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans				
Amounts fall due on the bank loans as follows				
Between one and two years	25,856	91,372	25,856	91,372
Between two and five years	287,899	248,741	287,899	248,741
Over five years	1,107,027	841,182	1,107,027	841,182
	1,420,782	1,181,295	1,420,782	1,181,295

One bank loan is repayable by termly instalments of £23,076 commencing on September 2013 until 2028 £600,000 has interest charged at a fixed rate of 6.69% £300,000 has interest charged on a "Cap and Collar" basis of between 4.5% and 6.5% The remaining £300,000 has interest charged at HSBC Bank plc's base rate plus 1.5%

A second bank loan is repayable by quarterly instalments including interest of £7,024 ending in 2014 with interest charged at HSBC Bank plc's base rate plus 1.75%

A third bank loan is repayable by termly instalments including interest of £5,556 commencing on September 2013 and ending in 2033 with interest charged at HSBC Bank plc's base rate plus 2.98%

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other creditors				
Amounts fall due on other creditors as follows				
Between one and two years	47,499	47,499	47,499	47,499
Between two and five years	142,497	142,497	142,497	142,497
Over five years	15,852	63,351	15,852	63,351
	205,848	253,347	205,848	253,347

The balance of other creditors is repayable by instalments ending between 2011 and 2017 No interest accrues on these balances

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

16. Analysis of net assets between funds

Group	Unrestricted funds £	Restricted Funds £	Total Funds £
Fund balances at 31 August 2011 are represented by			
Tangible fixed assets	4,896,181	15,500	4,911,681
Intangible fixed assets	353,913	-	353,913
Current assets	295,729	-	295,729
Current liabilities	(1,764,043)	(740)	(1,764,783)
Long term liabilities	(1,626,630)	-	(1,626,630)
Total net assets	2,155,150	14,760	2,169,910
 Unrealised gains included above on tangible fixed assets	 362,240	 -	 362,240
 Company			
	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 August 2011 are represented by			
Tangible fixed assets	2,427,162	15,500	2,442,662
Intangible fixed assets	353,913	-	353,913
Investment	950,000	-	950,000
Current assets	2,499,172	-	2,499,172
Current liabilities	(1,762,837)	(740)	(1,763,577)
Long term liabilities	(1,626,630)	-	(1,626,630)
Total net assets	2,756,750	14,760	2,855,540
 Unrealised gains included above on tangible fixed assets	 84,030	 -	 84,030

17 (a) Restricted funds

	Group and Company	
	2011 £	2010 £
Balance at 1 September	13,506	15,500
Incoming / (Outgoing) resources	1,254	(1,994)
 Balance at 31 August	 14,760	 13,506

Of the restricted funds £14,017 relates to donations received following an appeal to raise finance for new netball and tennis courts at the School. The remaining £744 relates to a minibus appeal fund, a memorial prize fund and playground appeal.

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

17.(b) Unrestricted funds

	Group £	Company £
Revaluation reserve		
Balance at 31 August 2010	363,436	84,030
Transfer to profit and loss account	(1,196)	-
	362,240	84,030
General unrestricted funds		
Balance at 31 August 2010	1,760,369	2,680,621
Surplus for the year	31,345	76,129
Transfer from revaluation reserve	1,196	-
	1,792,910	2,756,750
Balance at 31 August 2011	1,792,910	2,756,750
Total unrestricted funds at 31 August 2011	2,155,150	2,840,810

The unrestricted funds are retained as necessary to meet the general requirements of the School

The Charity aims to retain consolidated unrestricted reserves equivalent to the carrying value of the tangible fixed assets, which amount to £4,911,681 as at 31 August 2011 (2010 £4,634,961). It is the objective of the Board of Governors for the reserves to continue to increase until this target is met, although this will take a number of years to achieve. Consolidated unrestricted reserves at 31 August 2011 amounted to £2,155,150 (2010 £2,123,805)

18 Reconciliation of net incoming resources to net cash inflow from operating activities

	2011 £	2010 £
Net incoming/(outgoing) resources	32,599	(142,547)
Depreciation	164,907	174,684
Surplus on disposal of tangible fixed assets	(1,000)	-
Amortisation	34,250	34,251
Interest payable	67,769	68,441
Decrease/(increase) in debtors	34,514	(161,775)
Increase in creditors	82,529	115,006
	415,568	88,060
Net cash inflow from operating activities	415,568	88,060

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

19. Analysis of changes in net debt

	At first day of year £	Cash flows £	Non cash movements £	At last day of year £
Cash in hand	967	1,729	-	2,696
Bank overdraft	(676,994)	44,849	-	(632,145)
	<u>(676,027)</u>	<u>46,578</u>	<u>-</u>	<u>(629,449)</u>
Bank and other loans due within one year	(26,138)	26,143	(25,228)	(25,223)
Bank loan due after one year	(1,181,295)	(264,715)	25,228	(1,420,782)
	<u>(1,207,433)</u>	<u>(238,572)</u>	<u>-</u>	<u>(1,446,005)</u>
Other creditors due within one year	(164,999)	51,667	-	(113,332)
Other creditors due after one year	(253,347)	47,499	-	(205,848)
	<u>(1,625,779)</u>	<u>(139,406)</u>	<u>-</u>	<u>(1,765,185)</u>
Net debt	<u>(2,301,806)</u>	<u>(92,828)</u>	<u>-</u>	<u>(2,394,634)</u>

20. Transactions involving Governors

Governors' interests in contracts

No Governor has had any beneficial interest in any material contract to which the Company or Group was a party to

21. Related party transactions

There is no controlling party, as defined by Financial Reporting Standard No 8 - Related Party Disclosures. The Company has taken advantage of the exemptions contained within Financial Reporting Standard No 8 not to disclose intra-group transactions on the basis that all subsidiaries are 100% owned and all transactions with other Group companies are eliminated in the consolidated financial statements.

Highclare School

Notes to the Financial Statements for the Year Ended 31 August 2011

22. Summary income and expenditure account

	2011 £	2010 £
Total income of continuing operations	5,539,429	5,138,355
Total expenditure of continuing operations	(5,506,830)	(5,280,902)
	<hr/>	<hr/>
Net surplus / (deficit) for the year	32,599	(142,547)
	<hr/>	<hr/>

Total income comprises £5,539,429 of unrestricted funds. A detailed analysis of income by source is provided in the Consolidated Statement of Financial Activities on page 8.

Detailed analysis of expenditure is provided in the Consolidated Statement of Financial Activities and notes 3,4,5 and 6.

The summary income and expenditure account is derived from the Consolidated Statement of Financial Activities on page 8, which, together with the notes to the financial statements, provides full information on the movements during the year on all the funds of the Group.

23. Capital commitments

Group and Company

Amounts contracted for but not provided in the financial statements amounted to £123,470 (2010 - £Nil)

24. Contingencies

The company has guaranteed the bank borrowing of the other group undertakings which totalled £Nil at the year end (2010 £Nil)