

**WESTBROOK HOUSE PREPARATORY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 1997

Registered Company No: 3075902
Registered Charity No: 1048970



**Westbrook House Preparatory School
(Company Limited by Guarantee and Registered Charity)**

**Annual Accounts
For the year ended 31 August 1997**

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Westbrook House Preparatory School

Governors and Advisors

Governors:

RM De Haan (Chairman)	
Group Capt. SH Anderton	(Resigned July 1997)
PR Bowden	(Resigned 1 September 1997)
Mrs YM Gilbertson	(Resigned 1 September 1997)
KB Kingston	
Mrs S Melchers	
CR Reynolds	
DF Wharton	

Secretary:

DF Wharton
Westbrook House Preparatory School
60 Shorncliffe Road
Folkestone
Kent
CT20 2NQ

Registered Auditors:

Reeves & Neylan
37 St Margarets Street
Canterbury
Kent
CT1 2TU

Solicitors:

Titmuss Sainer Dechert
2 Serjeants Inn
London EC4Y 1LT

Bankers:

National Westminster Bank Plc
Europa House
49 Sandgate Road
Folkestone
Kent CT20 1RW

Registered Office:

60 Shorncliffe Road
Folkestone
Kent
CT20 2NQ

Westbrook House Preparatory School

Trustees' & Governors' Report For The Year Ended 31 August 1997

The trustees' and governors' submit their report and the accounts which cover the year ended 31 August 1997.

STATUS AND OBJECTIVE

The company is limited by guarantee and does not have a share capital. The prime objective of the company is to maintain the school as an educational charity. It is registered with the Charity Commission under No 1048970.

ACTIVITY

The principal activity of the company in the year has been the management as an educational charity of a co-educational preparatory school and nursery. On 1 September 1997 the school merged its educational activity with that of St Marys College Folkestone. The merged schools now operate as St Mary's Westbrook which is also a company limited by guarantee and a registered charity. Accordingly the continuing activity of the company is now to provide support for the new school.

BUSINESS REVIEW

The recession of the latter years has effected independent schools adversely by reducing pupil numbers. This schools experience has followed the trend, however the year matched best expectations with very positive signals for the future. The boarding house has been restructured to allow for reduced numbers without loss of pastoral requirements and interest in weekly boarders is encouraging. The Montessori Nursery operated to capacity with an excellent flow of pupils to the main school. Costs have been contained with catering and cleaning having been contracted out. Both the Boarding House and Montessori unit should benefit in the future by improvements expensed of some £30,000 made in August 1997.

The financial result for the year, after accounting for donations received, is an operating surplus of £167,895. As a result of the merger of the school, all furniture, equipment, computers, musical instruments and various stocks, in total amounting to £93,907, have been written off as donated to the new school, note 4 to the accounts explains Exceptional Costs. Therefore, after charging exceptional items and interest costs the surplus for the year is £81,798, this has been set against the deficit brought forward.

**Westbrook House Preparatory School
Trustees and Governors' Report
For The Year Ended 31 August 1997**

GOVERNORS

The following have served during the year:

R M De Haan (Chairman)	
Group Capt. S H Anderton	(Resigned July 1997)
P R Bowden	(Resigned 1 September 1997)
Mrs Y M Gilbertson	(Resigned 1 September 1997)
KB Kingston	
Mrs S Melchers	
C R Reynolds	
D F Wharton	

In accordance with the company's articles of association, CR Reynolds and RM DeHaan retire by rotation and being eligible offer themselves for re-election

Fixed Assets

Fixed assets acquired during the period are summarised in note 5 to the accounts. Subsequent to the year end the fixed asset properties of the company were disposed of (See note 12)

Governors' Responsibilities

Company law requires the 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 income and expenditure of the company for that period. In preparing those financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Messrs Reeves & Neylan as auditors will be put to the members at the next annual general meeting.

By order of the board.



.....
D F Wharton
Secretary

29 October 1998

**Report of the Auditors
to the Members of
Westbrook House Preparatory School**

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Charity's Trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis Of Opinion

We conducted our audit in accordance with 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 company's circumstances, consistently applied and adequately disclosed.

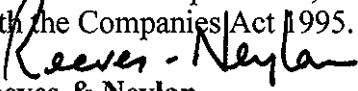
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity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

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 12 of the financial statements concerning the uncertainty as to the future funding of the company. In view of the significance of the uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 August 1997 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1995.


Reeves & Neylan
Chartered Accountants and Registered Auditors
Canterbury

29 | 10 | 1998

Westbrook House Preparatory School
Statement of Financial Activities
Year ended 31 August 1997

INCOMES	Notes	1997	1996
		£	16 Months
			£
Fees Receivable		647,361	986,463
Other Income	1	39,631	50,828
Donations		414,503	250,250
		<u>1,101,495</u>	<u>1,287,541</u>
 EXPENDITURES			
Direct Charitable Expenditure	2		
Teaching Costs		509,311	711,239
Welfare		159,134	226,990
Premises		144,307	170,733
Administration of School		100,819	152,683
Publicity		20,029	22,279
		<u>933,600</u>	<u>1,283,924</u>
 OPERATING SURPLUS, before other expenditures		 167,895	 3,617
 OTHER EXPENDITURES			
Exceptional items		56,367	30,118
Interest Payable		29,730	41,737
NET SURPLUS/(Deficit) on Unrestricted Fund		<u>81,798</u>	<u>(68,238)</u>
FUND BALANCE AT 1 SEPTEMBER 1996		<u>(68,238)</u>	<u>-</u>
FUND BALANCE AT 31 AUGUST 1997		<u>13,560</u>	<u>(68,238)</u>

The notes on pages 8 to 12 form part of these accounts.

All recognised gains and losses are reflected above.

All Incomes and Expenditures arise from unrestricted funds and relate to continuing activities.

**Westbrook House Preparatory School
Balance Sheet
31st August 1997**

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible fixed assets	5	<u>407,000</u>	<u>529,600</u>
CURRENT ASSETS			
Stocks		-	49,160
Debtors	6	90,556	264,101
Cash and bank		<u>113,912</u>	<u>44,170</u>
		204,468	357,431
CREDITORS due within one year	7	<u>(262,616)</u>	<u>(441,727)</u>
NET CURRENT LIABILITIES		<u>(58,148)</u>	<u>(84,296)</u>
TOTAL ASSETS Less CURRENT LIABILITIES		<u>348,852</u>	<u>445,304</u>
Creditors due after more than one year	8		
Bank Loan		356,000	429,000
Other Loan		-	100,000
Pupils Deposits Held		<u>35,040</u>	<u>40,290</u>
		391,040	569,290
TOTAL NET LIABILITIES		<u>(42,188)</u>	<u>(123,986)</u>
Represented by			
UNRESTRICTED ACCUMULATED FUND			
Fund Deficit brought forward		(68,238)	-
Goodwill Written Off		(55,748)	(55,748)
Surplus (Deficit) for period		<u>81,798</u>	<u>(68,238)</u>
		<u>(42,188)</u>	<u>(123,986)</u>

Approved by the Board of Governors on 29 October 1998 and signed on its behalf by


.....
Roger De Haan

The notes on pages 8 to 12 form part of these accounts.

Westbrook House Preparatory School

ACCOUNTING POLICIES

1 Basis of Preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities.

2 Tangible Fixed Assets

Depreciation on the following tangible fixed assets is provided on a straight line basis to write down assets to their estimated residual value over their expected useful lives.

Furniture and equipment	0% - 25%
Motor vehicles	33%

No depreciation is provided on Freehold land and property. It is the governors' policy to maintain property in such condition that the value to the business is not impaired by the passage of time.

3 Stocks

Stocks are valued at the lower of cost and net realisable value.

4 Taxation

The company is an Educational Charity. The accounts are prepared on the basis that there is no liability to corporation tax. Any income tax suffered by deduction from donations received is recoverable.

5 Incomes

Fees consist of charges for the period ending 31 August, less bursaries and allowances. Other income is accounted for on an accruals basis. Donations are accounted for on a cash received basis.

6 Expenditures

Expenditure is accounted for on the accrual basis and is allocated to expense headings on a direct cost basis. VAT is irrecoverable and is included within the item of expense to which it relates. Renewals of furniture and equipment are written off as incurred.

7 Goodwill

Purchased goodwill is written-off in the period of acquisition.

8 Pensions

Those for qualifying teaching staff are funded by contributions to the Teachers' Pensions Agency. The company also contributes to non-teaching staff pension plans. All pension plan contributions payable are charged to the period in which they arise.

Westbrook House Preparatory School
Notes to the accounts for the year ended 31 August 1997

1 OTHER INCOME	1997	1996
	£	£
Registration fees	4,600	1,415
Rents and lettings	14,491	23,133
Sundry income	20,540	26,280
	<u>39,631</u>	<u>50,828</u>

2 ANALYSIS OF DIRECT CHARITABLE EXPENDITURE

	Staff Costs	Other	Depreciation	Total	Total
	£	£	£	£	£
Teaching costs	469,837	36,544	2,930	509,311	711,239
Catering, boarding house, cleaning and games costs	20,894	135,318	2,922	159,134	226,990
Premises	20,152	124,155	-	144,307	170,733
Administration of the school	57,337	42,120	1,362	100,819	152,683
Publicity costs	-	20,029	-	20,029	22,279
	<u>568,220</u>	<u>358,166</u>	<u>7,214</u>	<u>933,600</u>	<u>1,283,924</u>

3 STAFF COSTS	1997	1996
	£	£
Salaries	505,960	781,000
Social security costs	35,362	57,177
Pension contributions	26,898	38,815
	<u>568,220</u>	<u>876,992</u>

The average number of employees (including part-time) in the period was:-

	1997	1996
	£	£
Teaching	28	28
Catering, Matrons, cleaners	5	22
Maintenance	3	3
Administration	4	4
	<u>40</u>	<u>57</u>

The Governors received no remuneration.

4 NET SURPLUS/(DEFICIT)

This is stated after charging:	1997	1996
	£	£
Depreciation	7,214	6,913
Auditors' remuneration	4,112	3,300
Interest Payable - Bank loans	19,855	35,554
- Other loans	9,875	6,183
Exceptional items - Charged/(Credited)		
- Donation of Assets upon merger	93,907	-
- Merger costs	21,243	-
- Redundancy costs	(1,980)	10,118
- Book surplus sale of freehold property	(33,171)	-
- Formation costs	-	20,000
- Dover College Loan adjustment	(23,632)	-
	<u>56,367</u>	<u>30,118</u>

Westbrook House Preparatory School
Notes to the accounts for the year ended 31 August 1997

5 TANGIBLE FIXED ASSETS

	Freehold Property	Furniture & Equipment	Motor Vehicles	TOTAL
Cost -	£	£	£	£
At 31 August 1996	480,000	53,113	1,500	534,613
Additions at cost	-	10,014	-	10,014
Disposals - At cost	(73,000)	-	-	(73,000)
- By donation	-	(63,127)	(1,500)	(64,627)
At cost 31 August 1997	<u>407,000</u>	<u>-</u>	<u>-</u>	<u>407,000</u>
Depreciation -				
At 31 August 1996	-	4,513	500	5,013
Depreciation charge for period	-	6,714	500	7,214
Eliminated on disposal	-	(11,227)	(1,000)	(12,227)
At 31 August 1997	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value 31 August 1997	<u>407,000</u>	<u>-</u>	<u>-</u>	<u>407,000</u>
Net Book Value 31 August 1996	<u>480,000</u>	<u>48,600</u>	<u>1,000</u>	<u>529,600</u>

6 DEBTORS

	1997 £	1996 £
Pupil Fees	26,725	207,956
Other debtors	63,831	48,580
Prepayments	-	7,565
	<u>90,556</u>	<u>264,101</u>

7 CREDITORS - due within one year

	1997 £	1996 £
Net Loan repayable - Dover College	75,781	125,000
Trade creditors	47,827	27,202
Other taxes and social security	12,435	17,115
Other creditors	82,648	32,788
Accruals	40,250	32,168
Fees in advance	3,675	207,454
	<u>262,616</u>	<u>441,727</u>

The loan from Dover College was due for repayment on July 1 1997, agreement and settlement occurred in July 1998

8 LOAN CREDITORS

	1997 £	1996 £
Bank	356,000	429,000
Other	-	100,000
Pupils' deposits held	35,040	40,290
	<u>391,040</u>	<u>569,290</u>

The bank loan is secured by a fixed charge over the company's properties. It is repayable by instalments phased to extinguish the loan by 1 July 2005. Interest is charged at 1.75% over base rates. Pupils' deposits held are interest free. They are refundable when the pupil finally leaves the school.

Westbrook House Preparatory School
Notes to the accounts for the year ended 31 August 1997

9 ACCUMULATED FUNDS AND MEMBERS' GUARANTEE

In accordance with the company's articles of association any surpluses are carried forward to be applied solely towards the promotion of the objects of the company and as such no amounts are available for distribution.

The company is a company limited by guarantee and every member undertakes to contribute to the assets of the company. In the event of its being wound up while they are members, or within one year after they cease to be members, their liability is limited to £10 each.

10 CAPITAL COMMITMENTS

As at 31 August 1997 there were no capital commitments either contracted for or authorised.

11 PENSIONS

Payments are made to the Department of Education and Employment, in accordance with the Teachers' Pensions Agency rules, to fund qualifying teaching staff pension arrangements. The scheme provides defined benefits. The financial position of this fund is disclosed in its audited financial statements. The rate of employer's contributions is reviewed periodically by the Agency and the rate fell on 1 July 1997 to 7.2% from 8.05%.

The company made contributions to certain non-teaching staffs' personal pension plans amounting to £1,939 in the year, the contributions averaging 6% of salary in respect to these money purchase plans.

12 POST BALANCE SHEET EVENTS AND GOING CONCERN

At 31 August 1997 current liabilities exceeded current assets by £58,148, and the company had net liabilities of £42,188.

The Governors have reviewed the future operations of the Company and believe that the merger with St Mary's College on 1 September 1997 has provided a viable School for the future. The combined Schools operate through a new company limited by guarantee which is also a registered charity, St Mary's Westbrook School.

Following the merger the Company ceased operations as a School.

Since 31 August 1997 the company has received donations amounting to £95,000, which has enabled it to service creditors.

In September 1998 consideration of £410,000 was received from the De Haan Charitable Trust for the freehold and leasehold properties of the company, prior to the grant by the De Haan Charitable Trust to St Mary's Westbrook of leases on each of those properties. At 31 August 1997 these properties are recorded in the balance sheet of the company at £407,000. They were independently valued in February 1998 at £410,000.

The consideration received from the sale of the properties was used to discharge the Company's bank loan. At the balance sheet date the bank loan balance stood at £356,000 (note 8).

The loan from Dover College repayable within one year of £75,781 (note 7) was settled in full in July 1998.

Westbrook House Preparatory School
Notes to the accounts for the year ended 31 August 1997

Any future operations of the company and its ability to discharge its liabilities are dependent upon the successful outcome of appeals for funds from charitable trusts and other persons associated with the School.

The Governors remain confident that adequate resources will be available to the company.