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WESTON BIRT SCHOOL LIMITED
(Limited by Guarantee)

Financial Statements 31 July 2008
Together with Directors' and Auditors' Reports

Company Registration No. 230224
Registered Charity No. 311715

**WESTON BIRT SCHOOL LIMITED
DIRECTORS AND OFFICERS**

Directors

Richard Henry Marriott OBE, MA (Chairman)
Martin Gilbert Barrow CBE
Richard Boggis-Rolfe MA
Mrs Susan Frances Castle BSc **
Charles Robert Collinson FCA, MBA, FCMC
Johannes Leonard Falkenburg BSc MRICS
Simon Charles Fisher MA FCA
Miss Jenefer Dawn Greenwood BSc, FRICS
Ms Jacqui Jones BA, MA
Mrs Corinna Sophia Kershaw BA
Mrs Philippa Margaret Curzon Leggate BA, MEd, PGCE
Dermot James McMeekin MBA
Mrs Henrietta Cecily Metters BSc **
Mrs Sarah Johanna Mary Porter
Dr Timothy David Rees BSc PhD
Mrs Annabella Constance Scott OBE, BA **
Julian Francis Squire
Mrs Susan Whitfield BA, MA

** representatives of the Martyrs Memorial and Church of England Trust

Company Secretary Alan Blowers CPFA

Registered Office Cross House
38 High Street
Banbury
Oxfordshire OX16 5ET

Principal Office Westonbirt
Nr Tetbury
Gloucestershire
GL8 8QG

Solicitors Rickerbys
Ellenborough House
Wellington Street
Cheltenham GL50 1YD

Auditors Saffery Champness
Lion House
Red Lion Street
London WC1R 4GB

Bankers Barclays Bank Plc
4th Floor
Apex Plaza
Forbury Rd
Reading RG1 1AX

Insurance Brokers Zurich Municipal
Hermes House
Southwood Crescent
Farnborough GU14 0NJ

**WESTON BIRT SCHOOL LIMITED
DIRECTORS' /TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2008**

Financial Statements

The directors present their report and financial statements for the year ended 31 July 2008.

Annual General Meeting

The Annual General Meeting of the company will be held at Weston Birt School, Tetbury on 13 March 2009.

Directors' Responsibilities

Company law requires the directors 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 directors 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In accordance with company law, as the company's directors, we confirm that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Governance

The Governors, who are also directors and the charity trustees, are responsible for the overall management and control of Weston Birt School Limited, usually meet three times a year. The work of implementing most of their policies is carried out by members of the Executive Committee, who usually meet four to five weeks in advance of the full Governing Body. The Finance Committee meets three times a year to agree the draft budget for presentation to the Governing Body and to monitor progress. The Marketing, Estate Strategy, and Personnel Committees and other Committees perform detailed reviews in their specialist areas.

The School's Memorandum of Association dated 4 May 1928 (altered by Special Resolution on 25 September 1951) empowers it to invest and deal with the moneys of the company not immediately required, as it thinks fit.

The day to day running of the school is delegated to the Headmistress, Mrs Mary Henderson, the Bursar, Mr Peter Story and the Senior Management Team.

New governors are appointed by existing governors and care is taken to ensure that the relevant skills and experience are represented. Each new governor is provided with an information pack and a list of training courses for governors, some of which they are expected to attend. He/she also meets the Chairman, Headmistress and Bursar and receives a conducted tour of the school. All governors receive information on governor training update courses.

WESTON BIRT SCHOOL LIMITED
DIRECTORS' /TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2008

Constitution

The company is limited by guarantee and each of its members, being nominees of the Martyrs Memorial Church of England Trust, has undertaken to contribute an amount not exceeding £1 (one pound) towards the assets of the company in the event of the same being wound up and the assets being insufficient to cover the company's debts and liabilities. The company is a registered charity.

Weston Birt School is a member of the Allied Schools group of independent schools, which share central financial and other services and cross guarantee each others' borrowing on current account. The group represents an important forum for the exchange of best practice and for mutual support.

Objectives and Activities

The charity's principal objective is to provide education for both boys and girls. Education is provided for girls from 3 to 18, and boys from 3 to 13. Boarding is offered to girls from age 10 to 18 years. Its subsidiary undertaking, Croftdeep Limited (which changed its name in January 2009 to Westonbirt Leisure Limited), lets the facilities of the school for use by the public and various organisations for events and educational and leisure purposes.

Westonbirt Foundation (Registered Charity 1101347) has been formed to establish a continuous fundraising programme to provide the Trustees with the resources to fund Scholarships and Bursaries for deserving young people, regardless of their financial circumstances, and to improve the School's facilities. A lifetime partnership with former students, parents and friends of the school will be the key to its success. The School funds some of the cost of running the Foundation office, whereas all funds raised are included in the Foundation accounts. During the year these costs amounted to £4,719 (2007: £19,787).

Achievements and Performance

Pupil numbers in Westonbirt School in September 2008 were 248, a further increase on the previous year's total of 245. On 29 August 2008, the Charity combined with another school charity, Rose Hill School Alderley Ltd, (charity number 911698). The plan is to run the Alderley site until the end of the current academic year, and then combine both prep schools, Querns Westonbirt having been established at Westonbirt in August 2002, on the Westonbirt campus. As at 1st September 2008 the number of prep pupils on the Westonbirt campus was 98, (90 in 2007 and 72 in 2006), and those on the Alderley campus were 117. The teacher/pupil ratio in the senior school remains low at 6.1 compared to that of the Westonbirt site Prep School at 9.6.

The school had another year of excellent academic results. At A level 78% were graded A or B, and all girls applying to university had their places quickly confirmed. Girls have gone on to study a range of degree courses that include English, Economics, Classics, Biological Sciences and Law at universities the length of the UK. Our Value Added, from the data provided by Durham University placed us in the top 9% of schools. At GCSE although the headline grade figure dropped to 43% at A* and A from our last year's best ever results, what was pleasing was the fact that the Durham University Value Added data placed us in the top 2% of schools at this level.

During the year a new £1.3m 20-bed V1th Form boarding accommodation building was completed to supplement the existing facilities. This was done on time and on budget. Since then we have started a major refurbishment programme of the original V1th form accommodation. Our main efforts for the coming year are the required alterations to provide sufficient accommodation for the increased size of the Prep school, anticipated in September 2009. We have continued to invest in the infrastructure of the school with an on-going programme of refurbishment and improvements. This covers not only the academic facilities, particularly in ICT, but also the boarding accommodation, including the mundane tasks of rewiring, and boiler replacement.

Public Benefit

The School's major efforts in public benefit are geared to the provision of a high standard of education and pastoral care to as great a range of pupils as possible. To this end the School continues to provide a particularly high percentage of fees through bursaries to ensure that as many pupils as possible were able to take advantage of Westonbirt education even though their parents lacked sufficient funds. Some 13% of its fee income is devoted to fee reductions, and 70% of this is means tested. With the recent closure by Gloucestershire LEA of the VIth Form in the nearest town, Tetbury, the School has specifically directed some of these funds to girls from Sir William Romney School who wish to attend our VIth Form for their AS and A2 studies. Four places were again taken up, starting in September 2008, with one pupil gaining a 100% award. We have already agreed bursaries under this scheme for girls for next academic year. We have an active relationship with the Secondary Schools in Malmesbury and Tetbury – the Tri-School Partnership. In addition, we open our facilities to other schools and organisations, not only for the series of lectures and musical events, but also by being the main training centre in the area for those learning to swim, either privately or through local primary schools.

We continue to open the school to the community for concerts, and our Lecture series is gaining strength, with attendances climbing. In conjunction with the Holfords of Westonbirt Trust and the National Arboretum, we are extending our opening of the gardens and the historic house to the public. We hosted various community events, including the parish Harvest Festival supper, and a Christmas Carol concert. These and the community use of the Sports Centre are just a few of the many examples of the public benefits afforded by the School. The Westonbirt School Foundation and the Friends of Westonbirt (largely current parents) contributed significantly to new resources during the year, including a new sound system and projection facilities for our main theatre.

Financial Review

The School's financial policy is to increase revenue, and thus its surplus, for reinvestment in its educational and recreational facilities. Peripheral surplus property may be sold in furtherance of this policy.

The accounts this year show a small loss of £27,458 (operational surplus of £21,412 in 2007). This includes a considerable increase in provision against debts, seen as a prudent action in the current global financial situation. The School completed the sale of surplus estate (The Covert) during the year, and took a £600,000 term loan to part-fund the works on the new VIth Form accommodation building. The deficit also includes donations in kind of £50,614 made by the School to Holfords of Westonbirt Trust, having made a similar donation in the previous year, and £52,262 one-off costs on Rose Hill merger evaluation costs.

The financial results for the year are set out in the Statement of Financial Activities on page 8.

The School's trading subsidiary, Croftdeep Limited, produced a turnover of £313,908 (2007: £282,601), for the year ended 31 July 2008. Its surplus of £185,738 (2007: £132,892) is covenanted in full to the School and is included in the above Westonbirt result. A significant VAT back bill was paid in 2007, reducing the surplus in that year. Croftdeep's revenue comes from the School's golf course and from lets for events including fairs and weddings.

Fundraising income is generated by the Westonbirt School Foundation, which aims to assist the School with the provision of scholarships and bursaries, and capital investment.

WESTON BIRT SCHOOL LIMITED
DIRECTORS' /TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2008

Investment policy

The investment funds at the school's disposal consist of a fund for the provision of scholarships, bursaries and prizes and a composition fees fund for pre-paid fees. Both are administered by the funds' trustee, Allied Schools Agency Limited. The investment policy for scholarships, bursaries and prizes is to maintain a target ratio of 70% equity to 30% fixed interest stocks and cash. The investment policy for the composition fees fund is to maintain a balance between equity, fixed interest stocks, building society deposits and cash that provides sufficient income to fund annual payments of composition fees, whilst maximising the long-term return of the fund. The target ratio is 25% equity, 33% fixed interest, and 42% building society deposits and cash.

Reserves

The company holds reserves specifically designated for its capital investment programme, supplemented by donations from the Foundation. The policy is to build up these reserves through increasing fee and other income over a number of years in order to strengthen the financial position. Its free reserves consist of certain houses owned by the school with an estimated value of £2m, which could be sold to release funds if required.

Risk Management

The Board of Governors is responsible for the management of the risks faced by the school, and has reviewed the major risks and measures for mitigation as part of an annual process. They are satisfied that the mitigation of currently identified major risks has been or will be addressed.

Key controls used by the company to minimise the effect of key areas of risk include:

- ensuring appropriate controls and governance through regular formal committee and board meetings and clear authorisation and approval levels;
- comprehensive planning, budgeting and management accounting to control the delivery of appropriate levels of service in all areas of the business;
- monitoring of cash flow to ensure that adequate financial resources are available;
- formal written policies to safeguard the welfare of pupils, staff and other related parties;
- recruiting and training appropriate levels of skilled staff; and
- comprehensive insurance cover to minimise financial implications of damage to the company's physical assets and to cover other relevant liabilities.

Plans for the Future

We will continue to accept pupils with a broad range of ability, but, with our annual objectives including the setting of targets for exam grade to be on average 1 point above the minimum predicted grades for FS3, GCSE and A level, we will remain high in 'value added'. By this and other means the Governors plan to grow the senior School pupil numbers (target 250 for September 2009, without changing the 'small school' feel. There will be a particular focus on retention of girls at VIth form level; this has been helped by the extension and refurbishment of VIth form accommodation (gross 20 places, net 10), which was completed at Easter 2008, and has already shown a benefit, both in recruitment and retention. Our long-term ambition is to raise the numbers in the senior school to 280 (the maximum we could accommodate without further building). This is an ambitious target given the problems that many girls-only schools are facing and the global financial crisis, but we strongly believe in the continuing demand for this environment for girls. With the amalgamation of the two Prep schools we hope to be able to run a financially and academically successful school, providing education for an increasing number of younger children in the area. We expect it to have about 150 pupils on roll in September 2009, but our accommodation plot will be geared so that this can be expanded to up to 250 pupils if necessary.

WESTON BIRT SCHOOL LIMITED
DIRECTORS' /TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2008

With the expansion of the prep School, the construction of an Astroturf has become a greater priority, and it is hoped that this can be funded within the next two years. It is also hoped that the Foundation will be able to fund a first small phase of improving the Music accommodation within the same time frame. Alongside these improvements we intend to rationalise some of our specialist accommodation to provide better facilities for other departments.

A separate Charitable Trust (The Holfords of Westonbirt Trust) has been set up with the specific objective to restore, repair and conserve the Heritage aspects of the original buildings and formal gardens and 'pleasure grounds'. Their first two projects, the restoration of the Library and the Camellia House, have already been completed. An application has been submitted for stage 1 funding from the Heritage Lottery fund for restoration work, primarily to the listed gardens. To meet the HLF criteria for 'ownership', the School intends to grant the Trust a 99 year lease of the relevant grounds, and in turn will have its use of them for normal school purposes guaranteed.

Directors

The directors of the Company who served during the year were as follows:

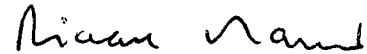
Richard Henry Marriott OBE MA	<i>(Chairman)</i>
Martin Gilbert Barrow CBE	
Richard Boggis-Rolfe MA	
Lady Anne Mary Carr BA	(retired 5 July 2008)
Mrs Susan Frances Castle BSc	
Charles Robert Collinson FCA MBA FCMC	
Nicholas Mark Dale-Harris BA MSC FRSA	(retired 31 December 2008)
Johannes Leonard Falkenburg BSc MRICS	(appointed 14 July 2008)
Simon Charles Fisher MA FCA	
Miss Jenefer Dawn Greenwood BSc FRICS	
Ms Jacqui Jones BA MA	
Mrs Corinna Sophia Kershaw BA	
Mrs Philippa Margaret Curzon Leggate BA MEd, PGCE	
Dermot James McMeekin MBA	
Mrs Henrietta Cecily Metters BSc	(appointed 27 June 2008)
Mrs Sarah Johanna Mary Porter	(appointed 14 July 2008)
Dr Timothy David Rees BSc PhD	(appointed 14 July 2008)
Mrs Annabella Constance Scott OBE BA	
Julian Francis Squire	(appointed 14 July 2008)
Richard Graham Tovey Cert Ed (Oxon)	(resigned 9 September 2008)

In accordance with the Articles of Association Mr Barrow, Mr Collinson, Mr Fisher, Miss Greenwood and Mr Marriott retire by rotation, but being eligible offer themselves for re-election. Mr Falkenburg, Mrs Porter, Dr Rees and Mr Squire were appointed to the Governing Body during the year and therefore retire, but being eligible offer themselves for re-election. Lady Anne Carr retired during the year, and Mr Dale-Harris has retired since the year-end. Mr Tovey resigned after the year-end owing to a conflict of interest. Mrs Whitfield was appointed to the Governing Body after the year-end.

WESTON BIRT SCHOOL LIMITED
DIRECTORS' /TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2008

The directors, who are also the charity trustees and constitute the Governing Body, are elected by the Governing Body, except that two directors shall be nominated by the Martyrs Memorial and Church of England Trust if the total number does not exceed 12, three if the total number exceeds 12 but does not exceed 18, and four if the number exceeds 18. None of the directors had a beneficial interest in any contract to which the company was a party during the year.

This report was approved by the Board on 13 March 2009 and signed on its behalf by:



Richard Henry Marriott OBE MA
Chairman of the Trustees

**WESTON BIRT SCHOOL LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 JULY 2008**

We have audited the financial statements on pages 8 to 21. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective Responsibilities of Trustees and Auditors

The trustees' (who are also the directors of Weston Birt School Ltd for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 and whether, in our opinion, the information given in the trustees' report is consistent with the financial statements. We also report to you if the charity 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 trustees' remuneration and transactions with the charity is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the trustees 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 as to whether 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 charity's state of affairs as at 31 July 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.

Saffery Champness

Saffery Champness
Chartered Accountants and Registered Auditors

Lion House
Red Lion Street
London WC1R 4GB

12 March 2009

**WESTON BIRT SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2008**

	Notes	Unrestricted School £	Fund Other £	Total 2008 £	Total 2007 £
INCOMING RESOURCES					
Income from Charitable Activities:					
School fees receivable	2	4,780,078	-	4,780,078	4,352,918
Other educational income		210,361	-	210,361	238,660
Ancillary trading income	3	18,583	-	18,583	29,653
		<u>5,009,022</u>	<u>-</u>	<u>5,009,022</u>	<u>4,621,231</u>
Incoming resources from Generated Funds					
Voluntary income		2,500	-	2,500	252,070
Activities for generating funds	3	169,517	185,738	355,255	290,269
Rents receivable		-	40,518	40,518	57,415
Investment income	4	-	31,623	31,623	17,556
Other incoming resources	5	138,725	71,868	210,593	772,902
Total incoming resources		<u>5,319,764</u>	<u>329,747</u>	<u>5,649,511</u>	<u>6,011,443</u>
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising	6	-	60,253	60,253	80,203
Finance costs		-	35,351	35,351	26,724
Other		182,613	-	182,613	158,260
		<u>182,613</u>	<u>95,604</u>	<u>278,217</u>	<u>265,187</u>
Charitable activities	6				
Provision of education		5,383,209	-	5,383,209	4,851,099
Governance costs		15,543	-	15,543	22,868
Total resources expended		<u>5,581,365</u>	<u>95,604</u>	<u>5,676,969</u>	<u>5,139,154</u>
Net (outgoing)/incoming resources		<u>(261,601)</u>	<u>234,143</u>	<u>(27,458)</u>	<u>872,289</u>
Fund balance brought forward at 1 August				5,239,459	4,367,170
Fund balance carried forward at 31 July				<u>5,212,001</u>	<u>5,239,459</u>

The accompanying notes are an integral part of this statement of financial activities.

WESTON BIRT SCHOOL LIMITED
BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2008

	Notes	2008 £	2007 £
Tangible Fixed Assets	8	7,049,394	5,889,334
Investments			
In subsidiary undertaking	9	2	2
For Composition fees	10	226,095	193,600
		<u>226,097</u>	<u>193,602</u>
Current Assets			
Stocks	11	86,637	54,371
Debtors	12	474,327	378,003
Cash at bank and in hand		811	602
		<u>561,775</u>	<u>432,976</u>
Creditors: amounts falling due within one year	13	<u>(2,219,846)</u>	<u>(823,154)</u>
Net Current Liabilities		<u>(1,658,071)</u>	<u>(390,178)</u>
Total Assets less Current Liabilities		<u>5,617,420</u>	<u>5,692,758</u>
Creditors: amounts falling due after more than one year	14	(179,324)	(259,699)
Composition fees	15	(226,095)	(193,600)
Net Assets		<u>5,212,001</u>	<u>5,239,459</u>
Funds			
Unrestricted fund	16	5,212,001	5,239,459
Total funds		<u>5,212,001</u>	<u>5,239,459</u>

The financial statement on pages 8 to 21 were approved by the board of directors on 13 March 2009 and signed on its behalf by:



.....
Richard Henry Marriott OBE MA
Chairman

The accompanying notes are an integral part of this balance sheet.

WESTON BIRT SCHOOL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2008

	Notes	2008 £	2007 £
Net cash (outflow)/inflow from operating activities	18	(660,115)	276,449
Returns on investments and servicing of finance			
Interest received		31,623	17,556
Interest paid		(21,733)	(17,128)
Finance lease charges		(1,207)	(1,207)
Net cash inflow/(outflow) from returns on investments and servicing of finance		8,683	(779)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,377,953)	(559,638)
Sale of tangible fixed assets		138,725	701,396
Purchase of composition fund investments		(32,495)	-
Sale of composition fund investments		-	4,404
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,271,724)	146,162
Net cash (outflow)/inflow before financing		(1,923,156)	421,832
Financing			
New finance leases		-	-
Capital element of finance lease repayments		(7,300)	(7,299)
New loans		600,000	-
Net cash inflow/(outflow) from financing	19	592,700	(7,299)
(Decrease)/increase in cash in the year	19	(1,330,456)	414,533

The accompanying notes are an integral part of this cash flow statement.

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008

1 Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost basis of accounting, with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), and applicable accounting standards. The financial information is presented for the school as an individual undertaking and not about its group. The directors have taken advantage of the Companies Act 1985 (S229(2)) exemption to prepare group financial statements as they consider they would be of no real value to the members of Weston Birt School Limited as the effects of any changes would not be material to the financial statements of the School.

The financial statements comply with SORP 2005 with the exception of the inclusion of the results of the subsidiary undertaking within the Statement of Financial Activities.

The financial statements include a Statement of Financial Activities rather than a profit and loss account in order to comply with the SORP.

b) Income and Expenditure

School fees and operating expenses are included in the financial statements on an accruals basis. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school. Entrance and registration fees are credited to income in the year in which they are received. All income and expenditure included in the financial statements is from continuing operations.

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to management estimates of time spent or space occupied, as appropriate. The irrecoverable VAT is included with the item of expenditure to which it relates.

Governance costs comprise the cost of running the company, including strategic planning for its future development, external audit, and all the costs of complying with constitutional and statutory requirements, such as the cost of governor and committee meetings and preparing statutory accounts.

c) Tangible Fixed Assets and Depreciation
Freehold Land and Buildings

Expenditure relating to the acquisition of and extensions to freehold land and buildings together with the initial equipping thereof is capitalised and is stated in the financial statements at cost less depreciation and any provision for impairment.

Improvements to short leasehold property are amortised over the remaining term of the lease.

No depreciation is charged on Freehold Land.

Land and buildings are reviewed annually for impairment in accordance with FRS 15.

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

1 Accounting Policies (continued)

Tangible fixed assets are stated at cost less accumulated depreciation. Donations of tangible fixed assets are capitalised at their cash value or at estimated cash value if received in kind. Depreciation is provided on tangible fixed assets so as to write off their cost, less estimated residual value, by equal instalments over the expected useful lives of the assets concerned. Assets with a cost of more than £1,000 are capitalised. The estimated useful lives are considered to be as follows:

Freehold buildings	- 10 to 125 years
Plant and equipment	- 7 years
Computer equipment	- 5 years
Furniture, fixtures and fittings	- 10 years
Motor vehicles	- 4 years

d) Assets Acquired Under Finance Leases

Assets acquired under finance leases, which confer rights and obligations similar to those attached to owned assets are capitalised and included under tangible fixed assets in the balance sheet, and are depreciated over the shorter of the lease term and their useful lives.

The capital elements of finance lease obligations are recorded as liabilities while the interest elements are charged to the Statement of Financial Activities over the primary lease period, to produce a constant rate of charge on the balance of capital repayments outstanding.

e) Operating Leases

Assets used by the school under operating leases are not capitalised. The costs associated with their rental are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

f) Repairs and Maintenance

Repairs and maintenance expenditure is charged as an operating expense in the year in which it is incurred, net of any grants receivable.

g) Stocks

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

h) Pensions

The school's professional teaching staff, are members of a Superannuation Scheme operated by the Department for Education and Skills. This is a multi-employer defined benefit scheme and individual schools are not able to identify their share of the underlying assets and liabilities of the scheme.

The results for the year are stated after charging the relevant employer's contributions to these schemes.

Other full time staff are members of a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

1 Accounting Policies (continued)

i) Composition Fees

Composition fees represent payments in advance in respect of school fees for pupils present and future, and are deposited with the Allied schools Agency Limited for investment. A transfer to the revenue account is made each term in respect of school fees which are then due.

j) Funds Deposited with Trustees

The income arising on these funds, together with any surpluses or deficits on the realisation of investments, is taken to the respective fund.

k) Donations

Donations of tangible fixed assets are capitalised. Other donations are accounted for within the income and expenditure account.

l) Investments

The investments are stated at market value, less any provision for permanent diminution in value. Market value is taken to be the market sale price ruling at the balance sheet date. It is the company's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result, the Statement of Financial Activities only includes those unrealised gains or losses arising from the revaluation of the investment portfolio throughout the year.

m) Support Costs

Support costs are administration and other support costs incurred in supporting the charitable activities.

n) Governance Costs

Governance costs are those incurred in complying with statutory requirements and governance matters.

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

2	Fees	2008 £	2007 £
	Gross school fees	5,560,156	5,014,692
	Less: Scholarships, bursaries, grants and commissions	<u>(780,078)</u>	<u>(661,774)</u>
		<u>4,780,078</u>	<u>4,352,918</u>
3	Other Income	2008 £	2007 £
	Other ancillary income:		
	School shop	8,036	10,789
	After-school activities	12,034	13,451
	Other	<u>(1,487)</u>	<u>5,413</u>
		<u>18,583</u>	<u>29,653</u>
	Activities for generating funds:		
	Sports Hall	169,517	157,380
	Deed of covenant from Croftdeep Ltd	<u>185,738</u>	<u>132,889</u>
		<u>355,255</u>	<u>290,269</u>
4	Investment Income	2008 £	2007 £
	Unrestricted Fund:		
	Interest received	<u>31,623</u>	<u>17,556</u>
5	Other Incoming Resources	2008 £	2007 £
	Amortisation of Allied Schools loan	71,868	71,868
	Profit on disposal of fixed assets	138,725	700,084
	Miscellaneous income	<u>-</u>	<u>950</u>
		<u>210,593</u>	<u>772,902</u>

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

6 Analysis of Total Resources Expended

	Staff costs £	Other costs £	Depreciation £	Total £
Cost of generating funds				
Fundraising	4,719	55,534	-	60,253
Finance costs	-	35,351	-	35,351
Other	113,946	68,667	-	182,613
	<u>118,665</u>	<u>159,552</u>	-	<u>278,217</u>
Charitable activities				
Provision of education				
Teaching	2,244,692	251,705	-	2,496,397
Welfare	735,685	283,845	-	1,019,530
Premises	243,397	676,590	217,893	1,137,880
Support costs	285,551	443,851	-	729,402
	<u>3,509,325</u>	<u>1,655,991</u>	<u>217,893</u>	<u>5,383,209</u>
Governance costs	-	15,543	-	15,543
Total resources expended	<u>3,627,990</u>	<u>1,831,086</u>	<u>217,893</u>	<u>5,676,969</u>

	2008 £	2007 £
Charitable activities include:		
Depreciation on owned assets	210,633	171,647
Depreciation on leased assets	7,260	7,260
Governance costs include:		
Auditors' remuneration for:		
Audit services, current year's accounts	9,771	12,020
Audit services, unaccrued sum for previous audits	(623)	3,595

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

7 Staff Costs	2008 £	2007 £
Total staff costs comprised:		
Wages and salaries	3,119,604	2,991,907
Social security costs	258,120	247,097
Pensions contributions	250,266	247,763
	<u>3,627,990</u>	<u>3,486,767</u>

The governors received no remuneration during the year (2007: £nil).

A total of £1,976 (2007: £2,295) was reimbursed to 4 governors during the year, in respect of travel expenses.

	2008	2007
	Number	Number
The average numbers of employees in the year were:		
Teaching	51	47
Welfare	54	55
Premises	24	25
Management & administration	13	14

	2008	2007
	Number	Number
The number of employees whose emoluments exceeded £60,000 were:		
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-

The School's defined benefit pension contributions for this employee for the year were £13,132 (2007: £11,694).

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

8 Tangible fixed assets

	Freehold property	Plant & equipment	Computer equipment	Furniture, fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
1 August 2007	6,027,379	406,835	302,275	348,559	125,454	7,210,502
Additions	1,059,428	248,398	21,603	37,361	11,163	1,377,953
Disposals	-	-	-	-	(32,959)	(32,959)
31 July 2008	7,086,807	655,233	323,878	385,920	103,658	8,555,496
Depreciation						
1 August 2007	412,837	339,738	203,713	247,768	117,112	1,321,168
Charge for the year	117,196	35,025	34,661	21,918	9,093	217,893
Disposals	-	-	-	-	(32,959)	(32,959)
31 July 2008	530,033	374,763	238,374	269,686	93,246	1,506,102
Net Book Value						
31 July 2008	6,556,774	280,470	85,504	116,234	10,412	7,049,394
31 July 2007	5,614,542	67,097	98,562	100,791	8,342	5,889,334
Leased assets included above:						
Net book value, 31 July 2007	-	14,521	-	-	-	14,521
Depreciation charged	-	7,260	-	-	-	7,260
Net book value, 31 July 2008	-	7,261	-	-	-	7,261

During the year The Covert, part of the original freehold property acquired by the school in 1923, was sold for £135,000. The original cost attributable to this property is £1,312.

9 Investments

	2008 £	2007 £
Investment in subsidiary undertakings	2	2

The market value of investments is not considered to be materially different from their cost.

The school owns the whole of the issued share capital of Croftdeep Limited, a company registered in England. The company lets the facilities of the school, including a golf course, for use by the public and various organisations, and prepares its accounts to 31 July.

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

A deed of covenant has been entered into between the subsidiary undertaking and the school whereby the subsidiary undertaking donates the whole of its distributable income as defined by the Income and Corporation Taxes Act 1988. (See note 3.)

The following information is disclosed in respect of the subsidiary.

	2008 £	2007 £
Capital and reserves	<u>(83)</u>	<u>(83)</u>
Turnover	<u>313,908</u>	<u>275,802</u>
Profit (paid to Weston Birt by deed of covenant)	<u>185,738</u>	<u>122,090</u>

10 Composition Fees Fund Investments

	2008 £	2007 £
Funds deposited with trustees	<u>226,095</u>	<u>193,600</u>
	<u>226,095</u>	<u>193,600</u>

The composition fees fund is administered by Allied Schools Agency Limited, the fund's trustee, in accordance with an investment policy established by the Agency's trustees.

11 Stocks

	2008 £	2007 £
Raw materials and consumables	86,637	54,371
Goods for resale	-	-
	<u>86,637</u>	<u>54,371</u>

The replacement cost of stocks is not considered to be materially different from their historical costs.

12 Debtors

	2008 £	2007 £
Debtors in respect of school fee accounts	334,565	283,989
Amounts owed by subsidiary undertaking	105,271	67,821
Other debtors	19,470	3,265
Prepayments and accrued income	11,144	22,928
	<u>474,327</u>	<u>378,003</u>

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

13 Creditors: Amounts falling due within one year

	2008 £	2007 £
Bank loan and overdraft	1,436,709	106,044
Finance leases	8,507	7,300
School fees paid on account	261,296	252,828
Other creditors	312,758	314,670
Taxation and social security	77,088	75,284
Accruals and deferred income	123,488	67,028
	<u>2,219,846</u>	<u>823,154</u>

The overdraft is secured by a debenture over the school's assets.

14 Creditors: Amounts falling due after more than one year

	2008 £	2007 £
Finance leases	6,839	15,346
Loan from Allied Schools Agency Limited (unsecured)	172,485	244,353
	<u>179,324</u>	<u>259,699</u>

The loan from the Allied Schools Agency Limited is interest free and repayable only if Weston Birt School Limited withdraws from the Allied Schools Scheme of Management, or ceases to operate, before 31 December 2010. In either event the amount to be repaid will be fixed in accordance with a sliding scale between 1 August 2005 and 31 December 2010. The loan is now being amortized on a sliding scale and will be fully amortized by the later date.

Amounts falling due after more than one year

	2008 £	2007 £
Due within one to two years	78,707	80,483
Within two to 5 years	100,617	179,216
	<u>179,324</u>	<u>259,699</u>

15 Composition Fees Fund

	2008 £	2007 £
At 1 August	193,600	198,004
Net composition fees received	78,200	44,313
Income arising from investments	6,210	6,479
Applied to school fees	(51,915)	(55,225)
At 31 July	<u>226,095</u>	<u>193,600</u>

The composition fees fund is administered by Allied Schools Agency Ltd, the fund's trustee, in accordance with an investment policy established by the latter's trustees.

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

16 Unrestricted Fund

	2008 £	2007 £
At 1 August	5,239,459	4,367,170
Net movement	(27,458)	872,289
At 31 July	<u>5,212,001</u>	<u>5,239,459</u>

17 Contingent Liabilities and Guarantees

The school together with certain associated schools and Allied Schools Agency Limited has guaranteed bank advances to the associated schools and the Agency. The guarantee is limited to £850,000. At 31 July 2008 the total indebtedness to the bank in respect of such advances amounted to £nil (2007: £nil) of which £nil (2007: £nil) is included in the balance sheet of this company.

18 Reconciliation of Net Movement in Funds to Net Cash Inflow from Operating Activities

	2008 £	2007 £
Net (outgoing)/incoming resources	(27,458)	872,289
Investment income	(31,623)	(17,556)
Interest paid	21,733	17,128
Finance lease charges	1,207	1,207
Operating (deficit)/surplus for the year	<u>(36,141)</u>	<u>873,068</u>
Depreciation charge	217,893	178,907
Profit on sale of fixed assets	(138,725)	(700,084)
Waiver and amortisation of loans	(71,868)	(71,868)
(Increase)/decrease in stocks	(32,266)	10,943
Decrease in debtors	(96,324)	(54,161)
Decrease in creditors	97,315	39,644
Net cash (outflow)/inflow from operating activities	<u>(60,115)</u>	<u>276,449</u>

19 Analysis and Reconciliation of Net Debt

WESTON BIRT SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2008

	At 1 August 2007 £	Cash flow £	Other non- cash changes £	At 31 July 2008 £
Cash in hand	602	209	-	811
Cash at bank	-	-	-	-
Bank overdraft	(106,044)	(730,665)	-	(836,709)
	<u>(105,442)</u>	<u>(730,456)</u>	<u>-</u>	<u>(835,898)</u>
Unsecured loans	(244,353)	(600,000)	71,868	(772,485)
Finance leases	(22,646)	7,300	-	(15,346)
	<u>(372,441)</u>	<u>(1,323,156)</u>	<u>71,868</u>	<u>(1,623,729)</u>

	2008 £	2007 £
(Decrease)/increase in cash in year	(730,456)	414,533
Amortisation of loan	71,868	71,868
Cash flow from change in debt and lease financing	(592,700)	7,299
Change in net debt resulting from cash flows	<u>(1,251,288)</u>	<u>493,700</u>
Net debt at 1 August	<u>(372,441)</u>	<u>(866,141)</u>
Net debt at 31 July	<u>(1,623,729)</u>	<u>(372,441)</u>

20 Capital Commitments

Capital expenditure authorised and contracted for at the balance sheet date amounted to £27,500 (2007: £1,098,521).

21 The Teachers' Pension Scheme

Members of the teaching staff are eligible to join the Teachers' Pension Scheme, which is administered by the Teachers' Pensions Agency. Contributions are made at rates set by the Scheme actuary. The School is not liable to fund any deficit on this Scheme, though is required to meet any increases in employers' contribution rates as and when they are changed by the Scheme.

The Report by the Government Actuary as at 31 March 2004 disclosed total liabilities of £166,500 million and total assets of £163,240 million. The employer's normal contribution was 14.1%.

22 Post Balance Sheet event

The School acquired the undertakings, assets and liabilities of Rose Hill School Alderley Limited on 29 August 2008, for a cash consideration of £1.798m, which was met from a £1.9m term loan from Lloyds TSB. The School intends to relocate the Rose Hill School from its Alderley site to the Westonbirt site on 31 July 2009 and so is currently seeking a buyer for the Alderley House freehold property. The lowest recent valuation of Alderley House together with initial offers materially exceed the liabilities assumed on completion such that a surplus upon sale can reasonably be assumed, which will be invested to expand the existing prep school facilities on the Westonbirt site.
