

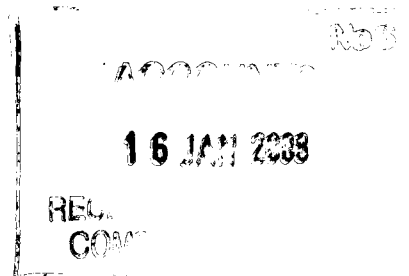
313115

**The Fellowship of the School of
Economic Science**

Financial Statements

For the

Year Ended 31 March 2007



**The Fellowship of the School of
Economic Science**

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For the Year Ended 31 March 2007**

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The Fellowship of the School of Economic Science

Annual Report and Accounts 2007 Report of the Trustees

1. Status and Trustees

The Charity is the Fellowship of the School of Economic Science ("the Fellowship"), established in 1937 and registered as an educational charity (No. 313115). The governing instrument of the Fellowship is the Trust Deed dated 10 October 1947 and Rules as amended on 23 July 1996.

The Fellowship membership currently consists of 231 men and women in total who are appointed by the Executive Committee through a process of invitation and acceptance in accordance with Rule 3.

Trustees:

The Trustees of the Charity ("the Charity Trustees") are listed below. They are also the full members of its Executive Committee and have all served in office throughout the year.

Graham Skelcey* (Chairman)	Alan Bryan
Martin Kettle* (Treasurer)	Dr Ann David
Ian Mason	John Meltzer
Jeremy Sinclair	Hugh Venables*
Peter Watson (General Secretary)	

*Members of the Finance Sub-Committee

2. Structure, Governance and Management

The Rules set out the Principal Objects of the Charity. These are:

- 1) To promote the study of natural laws governing the relations between men* in society and all studies related thereto and to promote the study of the laws, customs and practices by which communities are governed and all studies related thereto.
(* This term was used in a generic sense)
- 2) To disseminate by all lawful means knowledge of the matters referred to in (1) hereof.
- 3) To promote any art or science, to produce, print, publish and circulate any periodicals, books and works of art.
- 4) To organise a School for the furtherance of these objects, such School to be known as the School of Economic Science.
- 5) To advance for the public benefit education in the United Kingdom and in particular by establishing or maintaining or assisting one or more schools for children.

Object 6 contains various provisions to assist the furtherance of the above objects, including the acquisition and holding of land and chattels, funding, provision of library facilities etc.

The Fellowship is made up of 214 Ordinary Members, and 17 Associate Members. Appointment to membership is subject to the requirement that the prospective member shall have completed a course in Economics to the satisfaction of his or her tutor. Associate Members do not have a voting entitlement.

The general philosophical direction of the School's work and the scope and content of study material are all under the direction of the Senior Tutor, Mr Donald Lambie, who is also responsible for making or approving the appointments of tutors and Branch Leaders. There is close communication with the Executive Committee in relation to these matters, and the appointment of Branch Leaders is subject to ratification by the Executive Committee

The Fellowship meets at least once each year in Annual General Meeting for the purpose of approving the Chairman's Report and the Financial Statements, and for electing the Officers and other members to form an Executive Committee for the ensuing year. A quorum of two thirds of the Ordinary Members is required.

The Fellowship of the School of Economic Science Report of the Trustees (Continued)

The Chairman and the Treasurer are officers elected annually under Rule 8 and Rule 9 respectively of the Rules. The Chairman is also the Chairman of the Fellowship and the Principal of the School of Economic Science ("the School"). The other Charity Trustees are elected annually at the Annual General Meeting of the Fellowship in accordance with Rule 12.

Each of the Charity Trustees can be contacted via the School's Head Office at 11 Mandeville Place, London W1U 3AJ.

Property Trustees

Rule 15 provides for the appointment by the Executive Committee of not more than five nor less than three "Trustees" ("the Property Trustees") for the purpose of holding and dealing with "any freehold or leasehold properties from time to time acquired by the Fellowship and the proceeds of sale thereof and all monies or other property of the Fellowship in their hands upon the terms of a Trust Deed....". The current Property Trustees are:

John Barnes
Ian Mason
John Meltzer
Hugh Venables

John Barnes was also appointed as the Treasurer of the Endowment Fund under Rule 10.

Finance Sub-Committee

The Executive Committee appointed a Finance Sub-Committee under Rule 12 (6) comprising:

Martin Kettle
Graham Skelcey
Hugh Venables

Two special advisers also attend the sub-committee meetings: Geoffrey Pearce, who is also the Fellowship's Chief Accountant and John Barnes, the Treasurer of the Endowment Fund.

Management Arrangements

The day-to-day management of the Fellowship's affairs is undertaken by the members of the Executive Committee, local representatives within the regional Branches, other advisers and assistants appointed from within the School from time to time. Each Branch Leader is the main local representative.

The School year is divided into three terms, and the Executive Committee normally meets three times each term. Additional meetings are arranged ad hoc to deal with any matters requiring urgent consideration. Twice each year, normally in the early summer and late autumn, the Executive Committee meets for a full day to consider matters of a more strategic nature outside the normal run of business.

In addition to the headquarters in London, there are currently 18 regional Branches of the School in Great Britain, each overseen by a Branch Leader. The Branch Leaders meet annually for a three-day residential period, during which some members of the Executive Committee attend for sessions to discuss current issues and other matters relating to the management and organisation of the School.

All decisions on matters of policy and strategy are made by the Executive Committee on behalf of the Fellowship. Decisions relating to the day to day operations of the School are implemented by the relevant person within the general management structure, within the policy/strategy framework laid down by the Executive Committee.

There is provision in Rule 19 for an officer, two or more members of the Executive Committee or at least ten Ordinary Members of the Fellowship to call an Extraordinary General Meeting at any time to discuss and vote upon matters of major significance (E.g. major changes in policy or strategy, proposed actions outside the scope of established policy etc.)

**The Fellowship of the School of
Economic Science
Report of the Trustees (Continued)**

Advisers:

The Charity has appointed external advisers for various purposes, as set out below:

Auditors

Oury Clark Chartered Accountants
Registered Auditors
Herschel House
58 Herschel Street
Slough
Berkshire SL1 1PG

Bankers

National Westminster Bank plc
2a Charing Cross Road
London WC2H 0NN

Communications Advisers

Quiller Consultants
11 – 12 Buckingham Gate
London SW1E 6LB

Investment Advisers

Gerrard Limited
2 Lambeth Hill
London EC4V 4GG

Insurance Brokers

Somerville Insurance Services Limited
Buzzards Hall
Sudbury
Suffolk CO10 4DF

Solicitors

Collyer-Bristow
4 Bedford Row
London WC1R 4DF

Field Fisher Waterhouse
34 Vine Street
London EC3N 2AA

Trustees' Responsibilities

As trustees we acknowledge the law applicable to charities in England & Wales when preparing financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing the financial statements giving a true and fair view, the Trustees have followed best practice and:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Stated whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements.
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

As Trustees we are responsible for ensuring that accounting records are maintained, which disclose with reasonable accuracy the financial position of the charity, and financial statements are produced that comply with applicable law. We are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Fellowship of the School of Economic Science Report of the Trustees (Continued)

Governance and Risk Management

Active steps are being taken to comply with the Charities Statement of Recommended Practice in relation to charity governance. A policy on Trustee Conflicts of Interest has been adopted and implemented and terms of reference for the Principal and for Branch Leaders have been agreed and adopted.

The Trustees are required to certify each year that the major risks to which the Charity is exposed have been assessed and that appropriate steps are being taken to minimise those risks. The work of completing a comprehensive risk management structure and associated procedures is substantially completed.

Ian Mason, the Fellowship's internal chief legal adviser, continued as Executive Committee member with overall responsibility for these matters during the year. The practical implementation of the risk management procedures was undertaken by:

Tim Collier	Risk Manager
Greg Hickey	Assistant Risk Manager

They were assisted by a team of "Activity Specialists", appointed to provide guidance and advice in respect of the main categories of risk as relevant to the Fellowship's activities.

It is the aim of the risk management team to provide and implement an up to date set of policy statements and other guidance covering the main risk areas for the benefit of all who assist in this process (E.g. house stewards and bursars, tutorial staff, Branch Leaders and local risk managers). An approved Health and Safety policy statement has been issued to all relevant people. Useful interactive meetings with some Branch representatives took place during the year and the process is continuing.

The key risk management controls are:

- formal agendas for all Executive Committee meetings, circulated in advance in draft form for comments/additions
- Risk Management as a regular agenda item, with reports 'by exception' from each committee member
- the issuing of 'action lists' within 48 hours of each committee meeting and follow up at the next meeting
- annual budgets and interim budget monitoring for the various 'cost centres'
- strategic planning, budgeting and management accounting
- a comprehensive organisational structure with lines of reporting
- clear authorisation and approval procedures
- circulation of information throughout the managerial organisation on principal legal requirements (E.g. health & safety, protection of the vulnerable, provision for the disabled etc.), and on issues arising from time to time

3. Aims and Activities

The School's primary function is to provide services in the field of education, founded upon spiritual principles expressing the natural laws applicable to humanity, as discerned from the great spiritual and philosophical teachings of the world. The function of the organisational structure is to assist this work by providing, so far as possible, the necessary facilities such as accommodation, equipment, management etc. and ensuring compliance with legal and regulatory requirements.

In pursuance of the Objects of the Fellowship, the following activities have taken place during the past year. These have not changed materially since the last Report.

In London, regular classes were offered in the core subjects of philosophy and economics, and various other public courses. These included short courses on specific aspects of applied philosophy and economics such as "Wisdom Works", "From Principles to Profit" (philosophy in business), "Land Issues" and a series of five public talks under the general heading "A Philosophical Garden". Occasional talks, concerts, seminars and other public events featuring subjects such as art, dance, literature and music were also organised during the year in both London and the Branches. The music faculty continued to arrange early evening concerts at the School's headquarters in Mandeville Place, providing both student and post graduate musicians from other colleges with an opportunity to gain experience of performing in public.

The Fellowship of the School of Economic Science Report of the Trustees (Continued)

A wider coverage of subjects in special study groups has continued to be available to students of the School, including art, architecture, calligraphy, dance, law, medicine, music, Plato, scriptural studies, Renaissance studies and Sanskrit. There were also Symposium events, mainly for students in the first year. The Economics Faculty again presented a public Colloquium with visiting speakers as well as contributions from students in the School, and also hosted a book launch following the publication of a modern edition of "Progress and Poverty" by Henry George, one of the most important works on the application of natural law to economics.

The School again organised the major arts and crafts event known as Art in Action at its main residential centre at Waterperry House, Waterperry near Oxford, which attracted over 22,000 visitors during the four-day period in July 2006.

Students who have attended the School for a few terms are encouraged to take up the practice of meditation, and in due course thereafter are invited to attend residential study and practice events held at Waterperry House near Oxford, Nanpantan Hall near Loughborough, and at other venues in northern England and Scotland.

The School provides facilities for residential study weeks and weekends at its centres at Waterperry House, Nanpantan Hall and Brinscall Hall. These are used extensively throughout the year.

Links

During the last 50 years the School has assisted in the establishment and development of 25 associated Schools with similar objects to those of the Fellowship in 16 countries around the world. Close contact is maintained with these Schools, partly through annual visits to America, Australia and South Africa by the Senior Tutor and other tutors from the School in Great Britain and partly through the regular provision of study materials. Students from associated Schools often attend residential courses in this country. These arrangements enable the work of the School to reach many thousands of students in other parts of the world.

Students of the School who were parents of young children were instrumental in establishing The Independent Educational Association Limited in 1975. This is a separate charity, which operates four Schools (the St James' Schools) in the London area and one in the North West, for the education of children between the ages 4 and 18. One member of the Executive Committee is currently a member of the Governing Board of the IEAL. The School has continued to support the children's schools both financially and by the provision of voluntary services directly and in the form of fundraising activities. The IEAL has also provided facilities for use by the School, in particular accommodation for some of the regular philosophy group meetings.

Students in the North-East and North-West Branches of the School also initiated the setting up of children's schools more recently. These are known as St James Independent Junior School (North West) and the Alcuin School respectively, the former being part of the IEAL and the latter administered by a separate charity.

Some years ago students in the School established another separate charity known as the Education Renaissance Trust. There continue to be close links with this organisation and the School supports its work by providing accommodation and other facilities from time to time.

Students in the School also play a major role in three independent charities: the Lucca Leadership Trust, the Art Academy, and the Jyotirnidhi Nyasa Trust whose principal object is to advance education in Vedic philosophy and the Sanskrit language of India and elsewhere.

Trading Subsidiary

When Waterperry House was purchased there was an established horticultural operation. The School has maintained and expanded this. The current operation is run by a separate trading company known as Waterperry Gardens Limited, which is a wholly owned subsidiary of the Fellowship, and now incorporates a substantial garden centre in addition to the renowned ornamental gardens and associated orchards, nurseries etc. The enterprise provides local employment, a facility for horticultural studies and training, and extensive recreational and horticultural sales facilities for public use and enjoyment.

The financial results of Waterperry Gardens Limited have been consolidated with those of the Fellowship and are included in the Consolidated Statement of Financial Activities and Group Balance Sheet. A separate Statement of Financial Activities and Balance Sheet show the position of the Charity alone.

**The Fellowship of the School of
Economic Science
Report of the Trustees (Continued)**

Volunteer Services

The School benefits from extensive provision of volunteer services, many of which form part of the practical application of the philosophy that it teaches, within the School environment. It is one of the main principles of work in the School that no one should gain financial benefit from their participation. None of the tutors receive any remuneration for their services. Only the main office staff and a few others (most working full time) are paid employees.

Student volunteers provide staffing for the refreshment and bookshop facilities that are provided for students attending the School's classes and at many other events. The majority of the staff of Art in Action are also students of the School working on a voluntary basis, although in the last two years there have also been a large number of volunteer helpers who do not attend any regular classes.

4. Achievement and Performance

The School's function is summarised at section 3 above. It is not a fundraising charity, although it occasionally appeals to its own students for donations to help fund special projects. Consequently, it does not set fundraising targets or, generally speaking, specific aims for expansion.

Other than maintaining its provision of regular courses and other events for the benefit of both the public at large and enrolled students, as described in the preceding section, the specific aims for the year 2006/7 were:

- To continue to respond to opportunities for improving Branch facilities.
- To complete the review and updating of advertising and publicity material and to implement the recommendations of the external consultants so far as is deemed appropriate.
- To seek to achieve greater consistency in the various aspects of publicity material and presentation.
- To complete the comprehensive re-structuring of the School's web-site network.
- To communicate an accurate impression of the School and its work to the public.

In response to these aims, the following has taken place.

- Improvement of accommodation and facilities at Branch locations has continued where necessary and feasible, including the refurbishment and opening of the new building acquired by the East Anglia Branch. No additional properties have been purchased although opportunities continue to be sought where this is warranted by student numbers. Substantial improvement works have been carried out at the School's residential centre known as Nanpantan Hall, near Loughborough, which is used by students from London and the Branches.
- The review and updating of advertising and publicity material has continued, but is not yet completed. The whole exercise, involving student surveys and other consultations, has been more extensive than originally envisaged but the Trustees consider that it has been very worthwhile. It is hoped that the new publicity material will be available for the Autumn term 2007.
- Various recommendations of external consultants have been implemented, and amongst other things the School's website has been substantially updated and improved. The restructuring of the website is at an advanced stage and should be fully implemented by the Autumn term 2007.
- Extensive efforts have been made to improve both internal and external communications with a view to conveying as full and clear a picture as possible of the School's aims, facilities and activities to the public at large.

**The Fellowship of the School of
Economic Science
Report of the Trustees (Continued)**

5. Public Benefit

The Trustees are conscious of the Charity's obligation to provide public benefit, and believe that this continues to be achieved. Through the various centres around Great Britain, courses are offered to the general public at over fifty locations at least three times a year. As described earlier, the School also provides study materials and other support to many overseas schools.

Introductory courses are available to everyone, and this is made clear in the publicity material. They are widely advertised and course fees are kept to a minimum, basically to cover regular running costs. There are concessions for those on low incomes or experiencing financial hardship. Capital expenditure is largely met out of accrued financial resources together with donations from students who can afford to contribute over and above the regular fee payments.

The introductory courses continue to attract new students from a wide spectrum of the public and all age groups from teenage upwards. The School is committed to an ethic of lifelong learning and development, and many students continue to attend classes throughout much or all of their adult life, also providing the volunteer services upon which the School depends. Additionally, its educational aims and the study opportunities that it provides cover a broad spectrum, all based on the fundamental philosophy that humanity is united in a common essence and that the natural resources of the earth should be distributed equitably in order to provide for the needs of every individual.

Through Waterperry Gardens Limited the School also seeks to foster an interest in horticulture, and courses are offered to the general public in teaching accommodation within the horticulture centre complex. The nationally recognised ornamental gardens have been maintained and substantially enhanced over the years since the School acquired Waterperry House and Grounds.

Through Art in Action the School seeks to foster an interest in the arts and crafts, and in creative work generally, and also to support and publicise the activities of the considerable number of artists and craft people from Great Britain and various other countries around the world who demonstrate their work to the public at this major annual event. In addition, a long term project of fresco work has been undertaken at Waterperry House with the object of reviving the required special skills and encouraging public interest. The completed project is now open for public viewing.

6. Financial Review and Results for the Year

The Charity made an operating surplus of £172.9k, shown on page 11 in the Statement of Financial Activities (excluding Waterperry Gardens Limited) compared to £142.6k in 2005/6. The financial improvement mainly arose from a reduction in repairs to buildings enabling a saving of £160k in Premises and Residential costs.

Income from courses and residential fees improved by 1.8% to £1.28 million and investment income remained stable at £406.1k (2005/6 - £408.7k). Art in Action made a larger loss of £51.2k (2005/6 £10.8k) due to a fall in attendance. Governance costs rose by £42.8k mainly due to the need to incur legal costs on two important issues. The Charity's financial position remains strong with bank balances of around £8 million and only one long term debt of £140k repayable in 2008.

The School continued to be highly dependent upon the generosity of past and present students. There is a policy of endeavouring to keep fees at a level that most people can afford, and those students whose financial circumstances are such that they cannot afford standard rates pay reduced fees. The Charity's income from fees, bank interest and sales of books and food was less than its operational expenditure by £161.7k in the year (2005/6 - £207.8k). However, this deficit was more than offset by donations and bequests of £334.6k (2005/6 - £348.8k) to give the £172.9k surplus mentioned above.

Sales at the trading subsidiary, Waterperry Gardens Limited, improved by 4.7% to £1.387 million in a year made difficult by the general hosepipe ban. As a result income from the Company's own grown plants fell by 6% to £259k. However, an expansion in the sales area available to the Company, coupled with improved marketing and public relations, enabled sales of bought in products to increase by 15% to £582k. Nevertheless, the Company made a trading loss before taxation of £8.5k (2005/6 profit £1.2k). This loss was after charging £62k depreciation, and as capital expenditure amounted to £44k the business cash position remained stable. A tax charge of £9.1k was added to the loss to cover a corporation tax liability of £2.8k and to write off a deferred tax debtor brought forward from previous year considered to be non recoverable due to the phasing out of agricultural buildings allowances.

**The Fellowship of the School of
Economic Science
Report of the Trustees (Continued)**

Reserves Policy

The charity has unrestricted reserves of £13.2 million, which it has used over the years to acquire freehold properties that are needed to conduct numerous educational and residential courses.

Eight out of the eighteen Branches have their own building. A number of others aim to acquire a building when they have a sufficient number of students to justify the investment. Two Branches have already raised a total £137k from student donations for this purpose, which is shown under the restricted income fund in the accounts.

Further accommodation may be purchased in the London area as many classes are presently being conducted at the St James Schools premises in West London. In addition, a number of major refurbishment and improvement works are needed in various parts of the present estate. Accordingly, the Trustees have set up a designated fund amounting to nearly £8.0 million to meet these requirements, which are expected to develop over the next three years or so. £3.0 million of this is earmarked as a longer-term property maintenance fund, with the intention of using earned interest to pay for major repairs and improvements so far as possible after the present programme has been completed. Further details are set out in Note 15 to the accounts.

Investment Policy

For the present, the Trustees have placed the cash surplus amounting to nearly £7.6 million in low risk investments such as a high interest deposit account with one of the major banks with a guarantee to pay the best interest rate, and a 14 day notice of withdrawal account. This money is being kept available to pay for capital expenditure on the estate and any new buildings needed by London and the Branches in future. It is not considered appropriate to consider investing in longer term, higher yielding and higher risk markets before a decision has been reached regarding future accommodation in London. This investment policy is regularly reviewed by the Executive Committee with advice from the Finance Sub-Committee.

7. Plans for the Future

The plans for the coming year can be summarised as:

- To continue with the core activities by offering regular public courses in philosophy in all locations, and in economics and other subjects in London and in some of the Branches (according to local tutoring facilities and public interest), together with the various other activities and events described above.
- To continue providing active support for associated Schools overseas.
- To continue to respond to opportunities for improving Branch facilities.
- To put in place new advertising and publicity material, based on the results of the student surveys and other consultations.
- To seek to achieve greater consistency throughout the Organisation in the various aspects of publicity material and presentation.
- To complete the comprehensive re-structuring of the School's website, and explore all opportunities for making fuller use of this medium of communication with the public.
- To formulate and implement a comprehensive policy on environmental and sustainability issues.
- To explore the needs and possibilities for the care of elderly students, and implement measures to this end so far as practical.

Approved by the Trustees on 24 July 2007

And signed on their behalf by:

G. Skelcey  Chairman

M. Kettle  Treasurer

Report of the Independent Auditors to the Trustees of The Fellowship of the School of Economic Science

We have audited the financial statements on pages 10 to 22, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 16 and 17.

This report is made solely to the Fellowship's Trustees, as a body, in accordance with Section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Fellowship's Trustees 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 Fellowship and the Fellowship's Trustees as a body, for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of the Trustees and the Auditors

The Trustees' responsibilities for the preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page 4

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

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 Charities Act 1993. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements. In addition, we report to you if, in our opinion, 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 are not disclosed.

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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditors (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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 Trustees in the preparation of the financial statements, and of whether the Accounting Policies are appropriate to the Fellowship's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity (as consolidated) and the Charity as at 31 March 2007 and of the consolidated and Charity incoming resources and application of resources in the year then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993; and
- the information given in the Report of the Trustees is consistent with the financial statements.

Oury Clark
Chartered Accountants & Registered Auditors
Herschel House
58 Herschel Street
Slough
Berkshire, SL1 1PG



Date: 24 July 2007

**The Fellowship of the School of
Economic Science
Consolidated Statement of Financial Activities
For the year ended 31 March 2007**

£'000	Note	Unrestricted Funds	Restricted Funds	Total Funds	2006 Total Funds
Incoming Resources					
Incoming resources from charitable activities					
Courses & Residential Fees		1,279.6	-	1,279.6	1,256.9
Art Festivals Income		521.2	-	521.2	562.4
Incoming resources from generated funds					
Activities for Generating Funds					
Turnover from Trading Subsidiary	10	1,362.2	-	1,362.2	1,299.8
Investment Income		387.5	-	387.5	391.3
Gift Aid, Legacies & Donations		320.2	14.4	334.6	348.8
Ancillary Activities Income	2	244.1	-	244.1	258.9
Other incoming resources					
Net Gains on Disposal of Fixed Assets		1.9	-	1.9	-
<i>Total incoming resources</i>		<u>4,116.7</u>	<u>14.4</u>	<u>4,131.1</u>	<u>4,118.1</u>
Resources Expended					
Charitable activities					
Premises & Residential Costs	3	891.6	-	891.6	1,052.1
Operational Expenses	3	850.8	-	850.8	822.3
Art Festivals' Costs	3	572.4	-	572.4	573.2
Costs of generating funds					
Operating Costs of Trading Subsidiary	10	1,386.2	-	1,386.2	1,308.7
Ancillary Activities Costs	3	185.0	-	185.0	174.0
Governance costs	3	90.9	-	90.9	48.1
<i>Total resources expended</i>		<u>3,976.9</u>	<u>-</u>	<u>3,976.9</u>	<u>3,978.4</u>
<i>Net incoming resources before transfers</i>		139.8	14.4	154.2	139.6
Transfers					
Gross Transfers between Funds	15	16.2	(16.2)	-	-
<i>Net incoming/(outgoing) resources before other recognised gains & losses</i>		156.0	(1.8)	154.2	139.7
Other Recognised Gains/(Losses)					
Gains/(losses) on Investment Assets	11	1.1	-	1.1	1.6
<i>Net movement in funds</i>		157.1	(1.8)	155.3	141.3
Reconciliation of Funds					
Funds brought forward at 1 April 2006		21,051.6	139.1	21,190.7	21,049.4
<i>Total funds carried forward at 31 March 2007</i>		<u>21,208.7</u>	<u>137.3</u>	<u>21,346.0</u>	<u>21,190.7</u>

gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing activities.

**The Fellowship of the School of
Economic Science
Charity Statement of Financial Activities
(Excluding Waterperry Gardens Limited)
For the year ended 31 March 2007**


£'000	Note	Unrestricted Funds	Restricted Funds	Total Funds	2006 Total Funds
Income Resources					
Incoming resources from charitable activities					
Courses & Residential Fees		1,279.6	-	1,279.6	1,256.9
Art Festivals Income		521.2	-	521.2	562.4
Incoming resources from generated funds					
Investment Income		406.1	-	406.1	408.7
Gift Aid, Legacies & Donations		320.2	14.4	334.6	348.8
Ancillary Activities Income	2	244.1	-	244.1	258.9
Other incoming resources					
Net Gains on Disposal of Fixed Assets		1.9	-	1.9	-
<i>Total incoming resources</i>		<u>2,773.1</u>	<u>14.4</u>	<u>2,787.5</u>	<u>2,835.7</u>
Resources Expended					
On charitable activities					
Premises & Residential Costs		916.6	-	916.6	1,077.1
Operational Expenses		850.8	-	850.8	822.3
Art Festivals' Costs	3	572.4	-	572.4	573.2
Costs of generating funds					
Ancillary Activities Costs	3	185.0	-	185.0	174.0
Governance costs					
	3	90.9	-	90.9	48.1
<i>Total resources expended</i>		<u>2,615.7</u>	<u>-</u>	<u>2,615.7</u>	<u>2,694.7</u>
<i>Net incoming resources before transfers</i>		157.4	14.4	171.8	141.0
Transfers					
Gross Transfers between Funds	15	<u>16.2</u>	<u>(16.2)</u>	<u>-</u>	<u>-</u>
<i>Net incoming/(outgoing) resources before other recognised gains& losses</i>		173.6	(1.8)	171.8	141.0
Other recognised gains/losses					
Gains/losses on Investment Assets	11	<u>1.1</u>	<u>-</u>	<u>1.1</u>	<u>1.6</u>
<i>Net Movement in Funds</i>		174.7	(1.8)	172.9	142.6
Reconciliation of Funds					
Funds brought forward at 1 April 2006		<u>20,735.4</u>	<u>139.1</u>	<u>20,874.5</u>	<u>20,731.9</u>
<i>Total funds Carried Forward at 31 March 2007</i>		<u>20,910.1</u>	<u>137.3</u>	<u>21,047.4</u>	<u>20,874.5</u>


Gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing activities.

**The Fellowship of the School of
Economic Science
Consolidated Balance Sheet at 31 March 2007**

	Note	2007 £'000	2006 £'000
Fixed Assets			
Tangible fixed assets	8	<u>11,585.7</u>	<u>11,353.6</u>
Current Assets			
Stocks		370.2	363.6
Debtors	12	1,879.1	1,818.5
Investments	11	12.5	11.4
Cash at bank and in hand	13	<u>8,025.4</u>	<u>8,215.3</u>
		10,287.2	10,408.8
Liabilities			
Creditors: Amounts falling due within one year	13	<u>386.9</u>	<u>431.7</u>
<i>Net current assets</i>		<u>9,900.3</u>	<u>9,977.1</u>
<i>Total fixed and current assets</i>		<u>21,486.0</u>	<u>21,330.7</u>
Creditors: Amounts falling due after one year	13	<u>140.0</u>	<u>140.0</u>
<i>Net assets</i>		<u>21,346.0</u>	<u>21,190.7</u>
The Funds of the charity			
Restricted Income Funds	15	137.3	139.1
Unrestricted Income Funds:			
Designated	15	7,670.0	7,915.5
Undesignated	15	<u>13,538.7</u>	<u>13,136.1</u>
		<u>21,346.0</u>	<u>21,190.7</u>

Approved by the Trustees on 24 July 2007
and signed on their behalf by:

G. Skelcey  Chairman

M. Kettle  Treasurer

**The Fellowship of the School of
Economic Science
Charity Balance Sheet at 31 March 2007
(Excluding Waterperry Gardens Limited)**

	Note	2007 £'000	2006 £'000
Fixed Assets			
Tangible fixed assets	8	11,408.3	11,157.3
Investment	10	7.0	7.0
		<u>11,415.3</u>	<u>11,164.3</u>
Current Assets			
Stocks		105.0	110.3
Debtors	12	1,910.1	1,837.1
Investments	11	12.5	11.4
Cash at bank and in hand		7,992.0	8,179.2
		<u>10,019.6</u>	<u>10,138.0</u>
Liabilities			
Creditors: Amounts falling due within one year	13	247.5	287.8
		<u></u>	<u></u>
<i>Net current assets</i>		<u>9,772.1</u>	<u>9,850.2</u>
<i>Total fixed and current assets</i>		<u>21,187.4</u>	<u>21,014.5</u>
Creditors: Amounts falling due after one year	13	140.0	140.0
		<u></u>	<u></u>
<i>Net assets</i>		<u>21,047.4</u>	<u>20,874.5</u>
The Funds of the Charity			
Restricted Income Funds	15	137.3	139.1
Unrestricted Income Funds:			
Designated	15	7,670.0	7,915.5
Undesignated	15	13,240.1	12,819.9
		<u></u>	<u></u>
		<u>21,047.4</u>	<u>20,874.5</u>

Approved by the Trustees on 24 July 2007
and signed on their behalf by:

G. Skelcey  Chairman

M. Kettle  Treasurer

**The Fellowship of the School of
Economic Science
Consolidated Cash Flow Statement
For the year ended 31 March 2007**

£'000	2007	2007	2006	2006
Net Cash Inflow/(Outflow) from Operating Activities (Note 1)		(207.7)		(42.6)
Returns on Investment and Servicing of Finance				
Interest paid	-		(16.5)	
Interest received	386.3		390.0	
Dividends received	0.4		-	
Net Cash Inflow from Returns on Investment and Servicing of Finance		386.7		373.5
Investing Activities				
Payments to acquire fixed assets	(353.6)		(773.6)	
Receipts from sale of fixed assets	(1.9)		-	
Payments to acquire investments			-	
Receipts from sale of investments			-	
Net Cash Inflow/(Outflow) from Investing Activities		(355.5)		(773.6)
Net Cash Inflow/(Outflow) before Financing		(176.5)		(442.7)
Financing				
Loans acquired	-		-	
Loans repaid	(13.4)		(273.3)	
Net Cash Inflow/(Outflow) from Financing (Note 3)		(13.4)		(273.3)
		(189.9)		(716.0)
Increase/(Decrease) Cash and Cash Equivalents (Note 2)		(189.9)		(716.0)

**The Fellowship of the School of
Economic Science
Notes to the Cash Flow Statement
For the year ended 31 March 2007**

**1 Reconciliation of Net Incoming Resources before
Revaluation and Investment Disposals per the
Consolidated Statement of Financial Activities to
Net Cash Inflow/(Outflow) from Operating
Activities**

	2007 £'000	2006 £'000
Operating surplus	154.2	139.6
Depreciation charges	121.5	112.3
(Profit) on disposal of fixed assets	1.9	-
(Increase)/decrease in stocks	(6.6)	(23.7)
(Increase) / decrease in debtors	(60.6)	40.7
Increase/(decrease) in creditors	(31.4)	62.0
Interest received	(386.3)	(390.0)
Dividends received	(0.4)	-
Interest paid	-	16.5
	<u>(207.7)</u>	<u>(42.6)</u>

**2 Analysis of Changes in Cash and Cash Equivalents
during the Year**

	2007 £'000	2006 £'000	Movement in year £'000
Cash at bank and in hand	<u>8,025.4</u>	<u>8,215.3</u>	<u>(189.9)</u>

3 Analysis of Changes in Financing during the Year

	2007 £'000	2006 £'000	Movement in year £'000
Secured loan	-	3.4	(3.4)
Other loans	<u>185.4</u>	<u>195.4</u>	<u>(10.0)</u>
	<u>185.4</u>	<u>198.8</u>	<u>(13.4)</u>

4 Analysis of Net Funds

	At 31 March 2006 £'000	Cash Flow £'000	At 31 March 2007 £'000
Cash in hand, at bank	8,215.3	(189.9)	8,025.4
Debt due after one year	(140.0)	-	(140.0)
Debt within one year	<u>(58.8)</u>	<u>13.4</u>	<u>(45.4)</u>
Total	<u>8,016.5</u>	<u>(176.5)</u>	<u>7,840.0</u>

**5 Reconciliation of Net Cash Flow to Movement in
Net Funds**

	£'000	£'000
Decrease in cash in the period	(189.9)	
Cash outflow from decrease in debt financing	<u>13.4</u>	(176.5)
Change in net funds resulting from cash flows		
Net funds at 1 April 2006		<u>8,016.5</u>
Net funds at 31 March 2007		<u>7,840.0</u>

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2007**

1. Statement of Accounting Policies

Accounting Convention

These accounts are prepared under the Charities Act 1993 on the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities: the Charities SORP 2005. The group accounts consolidate the accounts of the Fellowship of the School of Economic Science and its wholly owned subsidiary trading company: Waterperry Gardens Limited. The subsidiary's accounts are made up to 31 December 2006 (for the reason stated in note 10).

Incoming Resources

- i) Fees, donations, legacies and other income are taken to income in the year of receipt or in the case of legacies on receipt of official notification that a specified payment will be made. Courses and Residential Fees are paid by students attending the early parts of the philosophy courses by the term.
- ii) Dividends are reflected as declared and interest is taken to income in the year to which it relates.
- iii) Donations under gift aid, together with the associated income tax recovery, are taken to income when the donations are received.
- iv) Courses and Residential Fees.

Students attending the early parts of the philosophy courses, which make up a majority of this income, pay a fee covering their attendance at these classes. However, students in the middle and senior parts of the School pay an annual composite fee that also includes the cost of their residential accommodation and study days attendance.

Resources Expended

Expenditure is accounted for on an accruals basis. Overheads and other costs have been directly apportioned to the appropriate activity except for some expense items that have been apportioned according to the space occupied. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs of running the charity, including external audit, any legal advice for the Trustees, and all costs of complying with constitutional and statutory requirements, such as the cost associated with the annual meeting of the Fellowship and preparing statutory accounts.

Depreciation

Freehold land and buildings:

It is the policy of the Trustees to maintain buildings held for charitable use in such condition that their useful economic life is indeterminate. In the opinion of the Trustees, the favourable location of those properties, combined with this policy, results in the residual value of the properties (by reference to their purchase price) being not less than their present carrying value in the accounts. Consequently no depreciation is charged on those properties.

Other tangible fixed assets are depreciated over their estimated useful lives as follows:

Long leasehold property	2% on cost
Improvements	5% - 10% on cost
Motor vehicles	25% on cost
Equipment etc.	10% - 25% on cost

Generally, equipment is capitalised when the cost is over £2,500, but there is some leeway for branches. Certain temporary items of equipment included in equipment have been written off at the rate of 50% on cost.

Stocks

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

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2007 (Continued)**

1. Accounting Policies (Continued)

Fund Accounting

“Unrestricted Funds” consist of those funds which the charity may use in furtherance of its charitable objectives at the discretion of the Trustees. Certain of these funds may be set aside by the Trustees for specific purposes and are described as “Designated Funds”.

“Restricted Funds” consist of funds obtained from donors who have specified that the monies given shall be used by the Charity for a specific purpose.

2. Ancillary Activities Income

£'000	2007	2006
Sales of:		
Books	84.5	97.9
Refreshments	110.8	116.8
Tapes/CDs	2.5	2.6
Income from room hire and rents	40.4	37.4
Various other sources of income	5.9	4.2
	244.1	258.9

3. Analysis of Total Resources Expended

£'000	Courses & Residentials	Arts Festivals	Ancillary Trading	Governance	2007 Total	2006 Total
Charity						
Direct supply costs	136.1	441.2	168.8	-	746.1	736.1
Welfare	108.7	22.5	-	-	131.2	147.5
Staff costs	264.3	50.4	-	-	314.7	306.5
Publicity	238.4	47.3	-	-	285.7	265.4
Premises – running costs	556.1	-	16.2	-	572.3	567.2
Premises – major repairs	182.7	-	-	-	182.7	340.5
Legal & professional	7.2	-	-	76.1	83.3	55.5
Audit Fees	-	-	-	11.8	11.8	11.8
Administration	191.6	9.3	-	3.0	203.9	189.4
Depreciation	57.3	1.7	-	-	59.0	49.8
Total Resources Expended - Charity	1,742.4	572.4	185.0	90.9	2,590.7	2,669.7
Subsidiary company	-	-	-	-	1,386.2	1,308.7
Total Resources Expended - Group	1,742.4	572.4	185.0	90.9	3,976.9	3,978.4

Note:
Courses and residential costs above include relevant operational expenses shown on the consolidated statement of financial activities – page 10.

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2007 (Continued)**

4. Staff Emoluments

	2007	2006
Average numbers (including part-timers) (Equivalent to 10.5 FTE (10.0 – 2006))	16 <u>£'000</u>	16 <u>£'000</u>
Gross pay	275.5	266.7
Social security costs	26.7	25.6
Other pension costs (note 5)	12.5 <u>314.7</u>	14.2 <u>306.5</u>

No employee was paid at the rate of more than £60,000 p.a.

5 Pensions

The Fellowship does not operate an independent scheme, but there is a stakeholder pension scheme available, with Norwich Union. The employer will contribute 7% of the salary of those staff who have decided to enter this scheme or into a personal pension arrangement, direct to the insurer. Amounts paid are detailed in note 4.

6. Trustees

No Trustee received any remuneration from the Fellowship, and one Trustee living outside London was reimbursed travelling expenses to attend trustees' meetings of £1,692.

7. Changes in Resources Available for Charity Use

	Unrestricted Funds £'000
Net movement in unrestricted funds for the year	174.7
Net increase in tangible fixed assets	<u>(251.0)</u>
Net decrease in funds available for future activities	<u>(76.3)</u>

8 Tangible Fixed Assets (all in UK)

Group	£'000	Freehold Property	Leasehold Property	Equipment/ Improvements Etc	Total
Cost					
Balance at 1 April 2006		10,994.1	137.3	1,338.3	12,469.7
Additions		196.4	15.0	142.2	353.6
Disposals		<u>-</u>	<u>-</u>	<u>(41.9)</u>	<u>(41.9)</u>
Balance at 31 March 2007		<u>11,190.5</u>	<u>152.3</u>	<u>1,438.6</u>	<u>12,781.4</u>
Depreciation					
Balance at 1 April 2006		-	75.7	1,040.4	1,116.1
Charge for the year		-	12.1	109.4	121.5
Disposals		<u>-</u>	<u>-</u>	<u>(41.9)</u>	<u>(41.9)</u>
Balance at 31 March 2007		<u>-</u>	<u>87.8</u>	<u>1,107.9</u>	<u>1,195.7</u>
Net Book Value					
At 31 March 2007		<u>11,190.5</u>	<u>64.5</u>	<u>330.7</u>	<u>11,585.7</u>
At 31 March 2006		<u>10,994.1</u>	<u>61.6</u>	<u>297.9</u>	<u>11,353.6</u>

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2007 (Continued)**

8 Tangible Fixed Assets (continued)

Charity	£'000	Freehold Property	Leasehold Property	Equipment/ Improvements Etc	Total
Cost					
Balance at 1 April 2006		10,994.1	13.4	724.4	11,731.9
Additions		196.4	-	113.6	310.0
Disposals		-	-	(41.9)	(41.9)
Balance at 31 March 2007		<u>11,190.5</u>	<u>13.4</u>	<u>796.1</u>	<u>12,000.0</u>
Depreciation					
Balance at 1 April 2006		-	2.7	571.9	574.6
Charge for the year		-	0.3	58.7	59.0
Disposals		-	-	(41.9)	(41.9)
Balance at 31 March 2007		<u>-</u>	<u>3.0</u>	<u>588.7</u>	<u>591.7</u>
Net Book Value					
At 31 March 2007		<u>11,190.5</u>	<u>10.4</u>	<u>207.4</u>	<u>11,408.3</u>
At 31 March 2006		<u>10,994.1</u>	<u>10.7</u>	<u>152.5</u>	<u>11,157.3</u>

All assets are used in furtherance of the charitable activities of the organisation.

9 Capital Commitments

At 31 March 2007, capital expenditure commitments not provided for in these accounts amounted to £110,000.
(2006 - Nil)

10 Investments in Subsidiary

	2007 £'000	2006 £'000
Share Capital	<u>7.0</u>	<u>7.0</u>

Waterperry Gardens Limited is a wholly owned subsidiary, its shares having been subscribed by members of the Fellowship in their personal capacity and then donated to the Fellowship. The Fellowship has leased the relevant premises to Waterperry Gardens Limited. Included in Debtors is a short term loan in lieu of overdraft requirements amounting to £125,000 (2006 - £105,000) which has subsequently been repaid. £55,000 of this loan was provided in the period between 31 December 2006 and 31 March 2007 and has not been eliminated on consolidation. In addition, a £40,000 loan repayable over 5-7 years was provided by the Charity in February 2007 to enable the Company to make capital improvements to a part of its Leasehold Estate. This loan has also not been eliminated on consolidation.

The Fellowship is not liable to taxation on its charitable activities. Its wholly owned subsidiary is liable to corporation tax and should provide for deferred tax if applicable. The charge of £9,100 detailed below includes tax payable of £2,800. The balance is the deferred taxation asset now written back (see note 12).

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2007 (Continued)**

The principal activity of Waterperry Gardens Limited is horticulture. A summary of the trading results for the year is set out below. Audited accounts for the year ended 31 December 2006 have been filed with the Registrar of Companies. It is not possible for practical operational reasons to bring the year end of the company into line with that of the charity.

	£'000	2007	2006
Turnover		1,387.2	1,324.8
Operating expenses		1,393.6	(1,322.6)
		(6.4)	2.2
Interest payable		(3.4)	(2.4)
Interest receivable		1.3	1.5
Net profit for the year before taxation		(8.5)	1.3
Taxation		(9.1)	(2.6)
Net loss for the year occurred by the Company		(17.6)	(1.3)
Less: Elimination of transactions with the Fellowship		(5.1)	(6.1)
Included in Consolidated SOFA		(22.8)	(7.4)

Turnover and Operating Costs shown in the Consolidated Statement of Financial Activities (Page 10) are after deducting the net value of transactions with the Charity.

11. Investments

Quoted Securities	£'000	2007	2006
Market value at 1 April 2006		11.4	9.8
Net profit on revaluation		1.1	1.6
Market Value at 31 March 2007		12.5	11.4
Cost at 31 March 2007		8.3	8.3

The Quoted Securities were listed on a UK Stock Exchange.

Material Investments (more than 5% of portfolio):

	£'000	Holding	2007 Market Value	Cost
Halifax Group plc Ord. Shares of 20p each		1,092	11.4	7.9
Royal Bank of Scotland Ord. Shares of £1 each		53	1.1	0.4

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2007 (Continued)**

2 Debtors

£'000	Group		Charity	
	2007	2006	2007	2006
Subsidiary company	109.4	58.3	165.0	105.0
Trade debtors	3.4	8.5	-	-
Inland Revenue	25.6	37.9	25.6	37.0
Prepayments	45.0	26.0	45.0	13.7
Other debtors	45.7	31.4	24.5	31.4
Deferred taxation	-	6.4	-	-
Loan to The Independent Educational Association Limited	1,650.0	1,650.0	1,650.0	1,650.0
	<u>1,879.1</u>	<u>1,818.5</u>	<u>1,910.1</u>	<u>1,837.1</u>

3 Creditors due within one year

£'000	Group		Charity	
	2007	2006	2007	2006
Trade creditors	193.2	172.1	143.0	116.6
Accruals	85.5	133.9	34.2	74.4
Student loans	37.4	47.4	37.4	47.4
Bank loan	-	3.4	-	3.4
Branch external loan	8.0	8.0	8.0	8.0
Taxes & social security costs	45.8	44.5	7.9	16.3
Fees received in advance	0.5	6.1	0.5	6.1
Other creditors	16.5	16.3	16.5	15.6
	<u>386.9</u>	<u>431.7</u>	<u>247.5</u>	<u>287.8</u>

Creditors due after one year

None of the creditors have terms of repayment in excess of one year, except loans:

£'000	Group		Charity	
	2007	2006	2007	2006
Repayable within one year	45.4	58.9	45.4	58.9
After one year	<u>140.0</u>	<u>140.0</u>	<u>140.0</u>	<u>140.0</u>
	<u>185.4</u>	<u>198.9</u>	<u>185.4</u>	<u>198.9</u>

4 Net Assets of the Funds of Charity & Group

£'000	Fixed Assets	Investments & Cash at Banks	Other Current Assets	Long Term Liabilities	Fund Balance
Restricted Funds	-	137.3	-	-	137.3
Designated Funds	-	7,670.0	-	-	7,670.0
Unrestricted Funds	<u>11,408.3</u>	<u>197.2</u>	<u>1,774.6</u>	<u>(140.0)</u>	<u>13,240.1</u>
Total Funds - Charity	<u>11,408.3</u>	<u>8,004.5</u>	<u>1,774.6</u>	<u>(140.0)</u>	<u>21,047.4</u>
Subsidiary Reserves	<u>177.4</u>	<u>33.4</u>	<u>87.8</u>	<u>-</u>	<u>298.6</u>
Total Funds - Group	<u>11,585.7</u>	<u>8,037.9</u>	<u>1,862.4</u>	<u>(140.0)</u>	<u>21,346.0</u>

**The Fellowship of the School of
Economic Science
Notes to the Accounts
Year ended 31 March 2007**

Movement in Funds

£'000	Fund Balance 1.4.2006	Income	Expenditure	Transfers (to)/from other Funds	Funds Balance 31.3.2007
Restricted Funds					
Future branches' properties	139.1	14.4	(14.4)	(1.8)	137.3
Designated Funds					
London Buildings Fund	694.4	-	(290.0)	421.8	826.2
General Repair Fund	2,000.0	-	-	1,000.0	3,000.0
Branches Buildings Funds	221.1	-	-	(137.3)	83.8
New Buildings Fund	5,000.0	-	-	(1,240.0)	3,760.0
Total Designated Funds	7,915.5	-	(290.0)	44.5	7,670.0
Unrestricted Funds					
Charity General Funds	12,819.9	2,754.5	(2,291.6)	(42.7)	13,240.1
Subsidiary Company	316.2	1,362.2	(1,379.8)	-	298.6
Total General Funds	13,136.1	4,116.7	(3,671.4)	(42.7)	13,538.7
Consolidated Funds	21,190.7	4,131.1	(3,975.8)	-	21,346.0

Notes regarding the above funds

1. Movement on Restricted Funds:

The fund at the beginning of the financial year contained the value of donations and gift aid received from students at three branches in England for the specific purpose of acquiring buildings in their locality for holding courses instead of relying on rented accommodation. During the year East Anglia branch applied the remainder of their designated funds to their new building purchased in 2006. The fund at 31 March 2007 represents the sums raised to purchase a new building at two other branches.

2. Purpose of Designated Fund:

The four items making up the designated funds represent the Trustees' view of the major repairs and improvements needed for the present estate within the next three years or so and the expected cost of acquiring new premises, where justified, in line with the policy of owning rather than renting accommodation. The make up of this fund is reviewed by the Trustees annually in light of any new information about present estate and future property needs. The interest earned on the general repair fund is be used to pay for major repairs to the buildings to ensure that they are kept in a sound condition in line the note under "depreciation" to the accounting policy stated on page 16.