

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

Financial Statements

For the Year Ended 31 March 2008

The Fellowship of The School of Economic Science

Contents of The Financial Statements For the Year Ended 31 March 2008

	Page
Report of the Trustees	1
Report of the Independent Auditors	10
Consolidation Statement of Financial Activities	11
Charity Statement of Financial Activities	12
Consolidated Balance Sheet	13
Charity Balance Sheet	14
Consolidated Cash Flow Statement	15
Notes of the Cash Flow Statement	16
Notes to the Accounts	17

The Fellowship of the School of Economic Science

Annual Report and Accounts 2008 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 educational charity no. 313115. The governing instrument of the Fellowship is the Rules as amended on 23 July 1996.

The Fellowship membership is currently 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 members of its Executive Committee. All elected members have served in office throughout the year; the co-opted members were appointed after the last AGM and have served for part of the year.

Graham Skelcey* (Chairman)
Dr Ann David
Mrs Ann Hithersay
Ian Mason
Sebastian Munden (Co-opted)
Hugh Venables*

Alan Bryan
Richard Glover
Martin Kettle (Treasurer)
John Meltzer (General Secretary)
Andrew Purves (Co-opted)

*Also members of the Finance Sub-Committee

2. Structure, Governance and Management

The Rules set out the 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 is 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 (this is currently under review). Associate Members do not have a voting entitlement.

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 has 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, and external advisers. 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 Spring or 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. This is one less than the previous year due to Berkshire having merged with the Guildford Branch. The Branch Leaders meet annually for a three-day residential period, during which some members of the Executive Committee attend to speak about and 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, and should be 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 (eg. 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

Morley and Scott, Chartered Accountants
Registered Auditors
Winterton House
Nixey Close
Slough
Berkshire SL1 1ND

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

Lark Insurance Broking Group
Century House
North Station Road
Colchester
Essex CO1 1RE

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 and the group'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:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable U.K. accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare 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 the group, and the 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

A Governance Working Group, composed of seven members of the Fellowship, was established during the year to examine Governance generally, including a review of the Rules, and to report to the Executive Committee with recommendations for any changes that it considered necessary or desirable. An interim report was produced, and considered by the Executive Committee at its Away Day in April. After the final report has been received and duly considered, the Executive Committee will report to the Fellowship and set out its recommendations regarding proposed changes to the Rules.

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 has been completed, but will be kept under regular review.

Richard Glover, who was elected to the Executive Committee in July 2007, took over as member with overall responsibility for these matters during the year. The practical implementation of the risk management procedures continues to be undertaken by:

Tim Collier	Risk Manager
Greg Hickey	Assistant Risk Manager

They are 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. There have been some changes of personnel during the year.

The risk management team has produced a set of policy statements and other guidance covering the main risk areas for the benefit of all who assist in this process (eg. 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. Further interactive meetings with 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 (eg 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, in accordance with the Objects stated in the Rules, 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 fundamentally 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 "A History of Me", "Science of Political Economy", "Credit, Money & Banking", "Protection or Free Trade?". Occasional talks, concerts, seminars and other public events featuring subjects such as art, dance, literature and music were also organized during the year in both London and some Branches. The music faculty continued to put

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

on early evening concerts at the School's headquarters in Mandeville Place, providing both student and postgraduate musicians from other colleges with an opportunity to gain experience of performing in public.

A wider range of subjects in special study groups has continued to be available to students in the School, including art, calligraphy, dance, law, music, Plato, scriptural studies, Renaissance studies and Sanskrit. There were also Symposium events, mainly for students in the first year. The Economics Faculty presented a public Colloquium with visiting speakers as well as contributions from students in the School.

The School organised the major arts and crafts event known as Art in Action at its main residential centre at Waterperry House, Waterperry near Oxford. This year there were some 19,000 visitors during the four-day period in July 2007, the lowest number for many years due to extremely bad weather conditions.

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 other venues in northern England and Scotland.

The general philosophical direction of the School's work and the scope and content of study material are 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.

Links

The School has assisted the establishment and development of associated Schools with similar objects to those of the Fellowship in numerous countries around the world. Close contact is maintained with these Schools, partly through annual visits to America, Australia, New Zealand, South Africa and other countries 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 study 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. Students of the School have continued to support the children's schools both financially and by the providing voluntary services direct 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-West and North-East 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.

Senior students in the School have also been instrumental in establishing, and currently play a role in, a number of other charities with broadly similar aims, in particular the Jyotirnidhi Nyasa Trust whose principal object is to advance education in Vedic philosophy and the Sanskrit language in India and elsewhere.

Trading Subsidiary

When Waterperry House was purchased in the 1970s 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, facilities for horticultural studies and training, and recreational and horticultural sales facilities for public use and enjoyment.

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

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.

Volunteer Services

The School benefits from extensive 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 office staff and a few others are paid employees, full or part time.

Student volunteers provide staffing for the refreshment and bookshop facilities that are available to 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 recent years there have been a larger number of volunteer helpers who do not attend any regular classes.

4. Achievement and Performance

The School is not a public fundraising charity and therefore does not set fundraising targets or, generally speaking, specific aims for expansion.

In addition to providing the regular courses and other events for the benefit of enrolled students and the public at large as described in the preceding section, and to continued support for associated Schools overseas, the specific aims for the year 2007/8 were:

- 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 web site, 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.

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

- Certain Branches have continued with the improvement of facilities, with financial assistance from central funds where required and appropriate.
- New advertising and publicity material has been produced and used both in the conventional forms such as Underground posters and newspaper adverts, and in a newly designed set of landing pages for the introductory philosophy and economics courses website.
- The process of harmonisation of advertising and web sites throughout the organisation has begun, following a presentation to all Branch leaders during their annual conference in January 2008.
- The restructuring of the School's web site has been completed and made operative - this achieves greater consistency of presentation in all centres, and facilitates 'navigation' for those visiting the web sites. Further review and design of content is in progress.
- More use has been made of the Internet as a means of publicising the School's courses. Additionally, three Internet forums (Plato, Poetry and Marsilio Ficino) were established during the year as part of the School's educational services.

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

- An environmental/sustainability policy has been prepared and made available to those concerned. A working group was established during the year to investigate the School's performance, and advise on potential areas for improvement. Further progress was made towards converting to a biomass energy heating system at the School's main residential centre at Waterperry, near Oxford.
- A working group was established to examine needs and possibilities for the care of elderly students. Computer/Internet training sessions were introduced for those not conversant with these facilities. Specific provision has been arranged for certain elderly students with disabilities.

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, mostly 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 practical 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 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 horticultural 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 crafts 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 artistic skills and encouraging public interest. The completed project is now open for public viewing.

6. Financial Review and Results for the Year

The Statement of Financial Activities on page 12 shows that the Charity made an operational surplus in 2007/8 of £188.6k compared to £172.9k in the previous year. However, Waterperry Gardens Limited, a wholly owned trading subsidiary, suffered a trading loss of £80.2k which reduced the Group's surplus to £108.4k (2007 - £155.3k).

There was a reduction in the Charity's income in 2007/8 of £132.8k due to £137k decline in legacies, which have been a most important source of revenue in recent years, and a reduction in receipts of gift aid by the Branches and donations generally, amounting to £65.7k. Nevertheless, the Charity continued to benefit from the generosity of past and present students as gift aid income, donations and legacies amounted to £131.9k in the year. Also, on the positive side the Charity benefited from higher UK interest rates, enabling investment income to rise by over 15% to £470.2k. Room hire earnings at the London Headquarters nearly doubled to £54.5k whilst philosophy course fee income in London and the Branches rose by 2.9% to £940k from over 3,300 students in England and Scotland.

On the expenditure side of the Charity accounts costs were generally well contained, with an overall reduction of £155.4k. Governance expenses declined to £56.2k (2007 - £90.9K) largely due to lower legal fees; costs of repairs and maintenance of buildings were £85.9k down on 2007, to £96.8k; the bookshop saw net earnings

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

improve by £36k on a lower cost base. The main setback in the year was the torrential rain during Art in Action that deterred many people from attending the event. Nevertheless, 19,000 people came in spite of the bad weather. This compared with over 22,000 in 2007. The lower attendance resulted in a loss on the event of over £50k despite a planned reduction in costs as compared with 2007, when there was also a loss of about £50k. The organisers have taken further steps to reduce costs for the 2008 event, which should allow it at least to break even, barring any further exceptional adverse factors.

Waterperry Gardens Limited was also hit by bad weather for the second year running, during the summer months at the most crucial trading time of the year. In 2006 there had been a hose pipe ban; in 2007 the local area in Oxfordshire along with other parts of the country suffered extensive floods. The Company still managed to increase sales by 5.1% to £1.458.2 million with sales of its own plants increasing for the first time in several years. The "cost" of the bad weather to the Company is estimated to be about £100k, which would have been sufficient to cover the increases in overheads arising from the appointment of a new managing director and expenditure in the gardens aimed at improving productivity in subsequent years. The Charity provided the Company with a long term loan of £105,000 on commercial terms to fund further improvements to the trading facilities.

Reserves Policy

The Charity requires financial reserves to maintain and advance its activities for the following reasons:

- To retain free of debt its holdings for operational purposes of properties, equipment etc with a net book value at 31 March 2008 of £12.052 million that are extensively used for educational and residential purposes in accordance with the charity's objects. Property ownership provides long term security of tenure, the opportunity for far higher standards of maintenance, facilities adapted to the Charity's specific requirements and far lower running costs in the long term than occurs with a dependency on rented accommodation.
- To hold funds for purchasing additional accommodation in London, where the Charity currently has to use third party premises for many of its meetings, and at some of its larger Branches that currently rent premises. It is considered that at least the whole of the Charity's current reserves of £3.46 million set aside in designated funds, and £137.3k in restricted funds, would be needed for this purpose. Due to high property values, and scarcity of suitable premises with consent for educational use in the right locations, there are only limited opportunities for the Charity to make such investments.
- To cover the Charity's capital expenditure programme over the next two years, amounting to £734k. This is also mentioned in the Designated Fund note on page 22.
- To have a general repair and maintenance fund amounting to £3 million out of which the substantial cost of keeping the Charity's properties in good order can be funded, either from the interest earned thereon or the capital itself. In the past fees and other sources of income have been insufficient to cover these expenses, and this situation is expected to continue. This repairs fund is also part of the Designated Fund.
- To provide a financial reserve of £2.5 million to meet the organisation's annual running costs.

Taking all the above points into consideration, the Trustees consider that an adequate level of reserves is between £23 and £25 million. At 31 March 2008, the group reserves stood at £21.45 million.

Investment Policy

During 2007/8, the Trustees placed surplus cash funds amounting on average to around £7.4 million in low risk investments comprising 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. Following clarification that the major part of these funds is unlikely to be called upon during the next 12 months, this investment policy was reviewed in May 2008. Having regard to the volatility and uncertainties in the financial markets, the Trustees decided to continue placing the money in the same type of deposit accounts with notice periods varying from 7 days to 12 months to take advantage of higher yields obtainable with longer notice of withdrawal. This investment policy will continue to be regularly reviewed by the Executive Committee with advice from the Finance Sub-Committee.

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

7. Plans for the Future

The specific plans for the coming year, in addition to the School's established regular activities described earlier, can be summarised as:

- To develop new opportunities for short courses, seminars and workshops
- To provide a wider range of learning opportunities to the public at large through the above-mentioned facilities; in particular, to open up its Saturday morning study courses at 11 Mandeville Place to the general public, to offer art workshops to the general public from time to time, and to provide more access and facilities for the general public at the Waterperry residential centre.
- To encourage students of the School to publish articles, leaflets and books on subjects they have studied within the School, and provide support.
- If possible, to extend further the new facility of Internet forums.
- To complete the review and redesign of the School's web site, and expand further the use of web site and other publicity channels.
- To complete the review of the School's environmental and sustainability performance, and implement new measures in accordance with its policy.
- To extend its links and, where appropriate, joint activities with organisations having similar aims and objects.

Approved by the Trustees on 22 July 2008

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 of The Fellowship of the School of Economic Science and the group for the year ended 31 March 2008 set out on pages 11 to 23. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' 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 on page 3.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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 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 charity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and of the group at 31 March 2008 and of their incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Morley and Scott,
Registered Auditors
Winterton House
Nixey Close
Slough, Berkshire,
SL1 1ND

Morley and Scott

Date: 22 July 2008

**The Fellowship of the School of
Economic Science
Consolidated Statement of Financial Activities
For the year ended 31 March 2008**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	2007 Total Funds £'000
Incoming Resources					
Incoming resources from charitable activities					
Courses & Residential Fees		1,255.9	-	1,255.9	1,279.6
Art Festivals Income		528.7	-	528.7	521.2
Incoming resources from generated funds					
Activities for Generating Funds					
Turnover from Trading Subsidiary	10	1,433.2	-	1,433.2	1,362.2
Investment Income		449.0	-	449.0	387.5
Gift Aid, Legacies & Donations		131.9	-	131.9	334.6
Ancillary Activities Income	2	268.0	-	268.0	244.1
Other incoming resources					
Net Gains on Disposal of Fixed Assets		-	-	-	1.9
<i>Total incoming resources</i>		<u>4,066.7</u>	<u>-</u>	<u>4,066.7</u>	<u>4,131.1</u>
Resources Expended					
Charitable activities					
Premises & Residential Costs	3	833.5	-	833.5	891.6
Operational Expenses	3	814.2	-	814.2	850.8
Art Festival Costs	3	582.8	-	582.8	572.4
Costs of generating funds					
Operating Costs of Trading Subsidiary	10	1,517.2	-	1,517.2	1,386.2
Ancillary Activities Costs	3	148.6	-	148.6	185.0
Governance costs	3	56.2	-	56.2	90.9
<i>Total resources expended</i>		<u>3,952.5</u>	<u>-</u>	<u>3,952.5</u>	<u>3,976.9</u>
<i>Net incoming resources before transfers</i>		<u>114.2</u>	<u>-</u>	<u>114.2</u>	<u>154.2</u>
Transfers					
Gross Transfers between Funds	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net incoming/(outgoing) resources before other recognised gains & losses</i>		<u>114.2</u>	<u>-</u>	<u>114.2</u>	<u>154.2</u>
Other Recognised Gains/(Losses)					
Gains/(losses) on Investment Assets	11	<u>(5.8)</u>	<u>-</u>	<u>(5.8)</u>	<u>1.1</u>
<i>Net movement in funds</i>		<u>108.4</u>	<u>-</u>	<u>108.4</u>	<u>155.3</u>
Reconciliation of Funds					
Funds brought forward at 1 April 2007		<u>21,208.7</u>	<u>137.3</u>	<u>21,346.0</u>	<u>21,190.7</u>
<i>Total funds carried forward at 31 March 2008</i>		<u>21,317.1</u>	<u>137.3</u>	<u>21,454.4</u>	<u>21,346.0</u>

All 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 2008**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	2007 Total Funds £'000
Incoming Resources					
Incoming resources from charitable activities					
Courses & Residential Fees		1,255.9	-	1,255.9	1,279.6
Art Festivals Income		528.7	-	528.7	521.2
Incoming resources from generated funds					
Investment Income		470.2	-	470.2	406.1
Gift Aid, Legacies & Donations		131.9	-	131.9	334.6
Ancillary Activities Income	2	268.0	-	268.0	244.1
Other incoming resources					
Net Gains on Disposal of Fixed Assets		-	-	-	1.9
<i>Total incoming resources</i>		<u>2,654.7</u>	<u>-</u>	<u>2,654.7</u>	<u>2,787.5</u>
Resources Expended					
On charitable activities					
Premises & Residential Costs		858.5	-	858.5	916.6
Operational Expenses		814.2	-	814.2	850.8
Art Festival Costs	3	582.8	-	582.8	572.4
Costs of generating funds					
Ancillary Activities Costs	3	148.6	-	148.6	185.0
Governance costs	3	56.2	-	56.2	90.9
<i>Total resources expended</i>		<u>2,460.3</u>	<u>-</u>	<u>2,460.3</u>	<u>2,615.7</u>
<i>Net incoming resources before transfers</i>		<u>194.4</u>	<u>-</u>	<u>194.4</u>	<u>171.8</u>
Transfers					
Gross Transfers between Funds	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net incoming/(outgoing) resources before other recognised gains & losses</i>		<u>194.4</u>	<u>-</u>	<u>194.4</u>	<u>171.8</u>
Other Recognised Gains/(Losses)					
Gains/(losses) on Investment Assets	11	<u>(5.8)</u>	<u>-</u>	<u>(5.8)</u>	<u>1.1</u>
<i>Net Movement in Funds</i>		<u>188.6</u>	<u>-</u>	<u>188.6</u>	<u>172.9</u>
Reconciliation of Funds					
Funds brought forward at 1 April 2007		<u>20,910.1</u>	<u>137.3</u>	<u>21,047.4</u>	<u>20,874.5</u>
<i>Total funds Carried Forward at 31 March 2008</i>		<u>21,098.7</u>	<u>137.3</u>	<u>21,236.0</u>	<u>21,047.4</u>

All 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 2008**

	Note	2008 £'000	2007 £'000
Fixed Assets			
Tangible fixed assets	8	12,052.6	11,585.7
Current Assets			
Stocks		370.4	370.2
Debtors	12	1,834.2	1,879.1
Investments	11	6.7	12.5
Cash at bank and in hand		7,736.7	8,025.4
		9,948.0	10,287.2
Liabilities			
Creditors: Amounts falling due within one year	13	546.2	386.9
<i>Net current assets</i>		9,401.8	9,900.3
<i>Total assets less current liabilities</i>		21,454.4	21,486.0
Creditors: Amounts falling due after one year	13	-	140.0
<i>Net assets</i>		21,454.4	21,346.0
The Funds of the charity			
Restricted Income Funds	15	137.3	137.3
Unrestricted Income Funds:			
Designated	15	7,380.0	7,670.0
Undesignated	15	13,937.1	13,538.7
		21,454.4	21,346.0

Approved by the Trustees on 22 July 2008
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 2008
(Excluding Waterperry Gardens Limited)**

	Note	2008 £'000	2007 £'000
Fixed Assets			
Tangible fixed assets	8	11,863.6	11,408.3
Investment	10	<u>7.0</u>	<u>7.0</u>
		<u>11,870.6</u>	<u>11,415.3</u>
Current Assets			
Stocks		100.9	105.0
Debtors	12	1,961.8	1,910.1
Investments	11	6.7	12.5
Cash at bank and in hand		<u>7,685.1</u>	<u>7,992.0</u>
		9,754.5	10,019.6
Liabilities			
Creditors: Amounts falling due within one year	13	389.1	247.5
		<u> </u>	<u> </u>
<i>Net current assets</i>		<u>9,365.4</u>	<u>9,772.1</u>
<i>Total assets less current liabilities</i>		<u>21,236.0</u>	<u>21,187.4</u>
Creditors: Amounts falling due after one year	13	-	140.0
		<u> </u>	<u> </u>
<i>Net assets</i>		<u>21,236.0</u>	<u>21,047.4</u>
The Funds of the Charity			
Restricted Income Funds	15	137.3	137.3
Unrestricted Income Funds:			
Designated	15	7,380.0	7,670.0
Undesignated	15	13,718.7	13,240.1
		<u> </u>	<u> </u>
		<u>21,236.0</u>	<u>21,047.4</u>

Approved by the Trustees on 22 July 2008
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 2008**

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Net Cash Inflow/(Outflow) from Operating Activities (Note 1)		(125.5)		(207.7)
Returns on Investment and Servicing of Finance				
Interest paid	-		-	
Interest received	448.5		386.3	
Dividends received	0.5		0.4	
Net Cash Inflow from Returns on Investment and Servicing of Finance		449.0		386.7
Investing Activities				
Payments to acquire fixed assets	(597.2)		(353.6)	
Receipts from sale of fixed assets	-		(1.9)	
Payments to acquire investments	-		-	
Receipts from sale of investments	-		-	
Net Cash Inflow/(Outflow) from Investing Activities		(597.2)		(355.5)
Net Cash Inflow/(Outflow) before Financing		(273.7)		(176.5)
Financing				
Loans acquired	-		-	
Loans repaid	(15.0)		(13.4)	
Net Cash Inflow/(Outflow) from Financing (Note 3)		(15.0) (288.7)		(13.4) (189.9)
Increase/(Decrease) Cash and Cash Equivalents (Note 2)		(288.7)		(189.9)

**The Fellowship of the School of
Economic Science
Notes to the Cash Flow Statement
For the year ended 31 March 2008**

**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**

	2008 £'000	2007 £'000
Operating surplus	114.2	154.2
Depreciation charges	130.3	121.5
(Profit) on disposal of fixed assets	-	1.9
(Increase)/decrease in stocks	(0.2)	(6.6)
(Increase) / decrease in debtors	44.9	(60.6)
Increase/(decrease) in creditors	34.3	(31.4)
Interest received	(448.5)	(386.3)
Dividends received	(0.5)	(0.4)
Interest paid	-	-
	<u>(125.5)</u>	<u>(207.7)</u>

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

	2008 £'000	2007 £'000	Movement in year £'000
Cash at bank and in hand	<u>7,736.7</u>	<u>8,025.4</u>	<u>(288.7)</u>

3 Analysis of Changes in Financing during the Year

	2008 £'000	2007 £'000	Movement in year £'000
Secured loan	-	-	-
Other loans	<u>170.4</u>	<u>185.4</u>	<u>(15.0)</u>
	<u>170.4</u>	<u>185.4</u>	<u>(15.0)</u>

4 Analysis of Net Funds

	At 31 March 2007 £'000	Cash Flow £'000	At 31 March 2008 £'000
Cash in hand, at bank	8,025.4	(288.7)	7,736.7
Debt due after one year	(140.0)	-	-
Debt within one year	<u>(45.4)</u>	<u>15.0</u>	<u>(170.4)</u>
Total	<u>7,840.0</u>	<u>(273.7)</u>	<u>7,566.3</u>

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

	£'000	£'000
Decrease in cash in the period	(288.7)	
Cash outflow from decrease in debt financing	<u>15.0</u>	(273.7)
Change in net funds resulting from cash flows		<u>7,840.0</u>
Net funds at 1 April 2007		<u>7,840.0</u>
Net funds at 31 March 2008		<u>7,566.3</u>

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2008**

1. Statement of Accounting Policies

Accounting Convention

These financial statements 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 2007 (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) 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	4% - 10% on cost
Motor vehicles	25% on cost
Equipment etc.	10% - 33.33% 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 2008 (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	2008	2007
Sales of:			
Books		85.1	84.5
Refreshments		110.7	110.8
Tapes/CDs		1.4	2.5
Income from room hire and rents		66.5	40.4
Various other sources of income		4.3	5.9
		<u>268.0</u>	<u>244.1</u>

3. Analysis of Total Resources Expended

	£'000	Courses & Residential	Arts Festivals	Ancillary Trading	Governance	2008 Total	2007 Total
Charity							
Direct supply costs		100.4	433.4	132.4	-	666.2	746.1
Welfare		108.1	33.6	-	-	141.7	131.2
Staff costs		324.9	44.1	-	-	369.0	314.7
Publicity		239.0	59.1	-	-	298.1	285.7
Premises – running costs		544.6	-	16.2	-	560.8	572.3
Premises – major repairs		96.8	-	-	-	96.8	182.7
Legal & professional		-	-	-	37.0	37.0	83.3
Audit Fees		-	-	-	11.8	11.8	11.8
Administration		170.2	9.5	-	7.4	187.1	203.9
Depreciation		63.7	3.1	-	-	66.8	59.0
Total Resources Expended - Charity		<u>1,647.7</u>	<u>582.8</u>	<u>148.6</u>	<u>56.2</u>	<u>2,435.3</u>	<u>2,590.7</u>
Subsidiary company		-	-	-	-	1,517.2	1,386.2
Total Resources Expended - Group		<u>1,647.7</u>	<u>582.8</u>	<u>148.6</u>	<u>56.2</u>	<u>3,952.5</u>	<u>3,976.9</u>

Note:

Courses and residential costs above include relevant operational expenses shown on the consolidated statement of financial activities – page 11.

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2008 (Continued)**

4. Staff Emoluments

	2008	2007
Average numbers (including part-timers) (Equivalent to 12.0 FTE (10.5 – 2007))	20	16
	£'000	£'000
Gross pay	320.7	275.5
Social security costs	29.7	26.7
Other pension costs (note 5)	18.6	12.5
	<u>369.0</u>	<u>314.7</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 contributes 7% of the salary of those staff who have decided to enter into a personal pension arrangement, direct to the insurer. The charge for the year was £18,553 (2007 - £12,472).

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 £1,047 (2007 - £1,692).

7. Changes in Resources Available for Charity Use

	Unrestricted Funds £'000
Net movement in unrestricted funds for the year	188.6
Net increase in tangible fixed assets	<u>(455.3)</u>
Net decrease in funds available for future activities	<u>(266.7)</u>

8 Tangible Fixed Assets (all in UK)

Group	£'000	Freehold Property	Leasehold Property	Equipment/ Improvements Etc	Total
Cost					
Balance at 1 April 2007		11,190.5	152.3	1,438.6	12,781.4
Additions		407.1	15.4	174.7	597.2
Disposals		<u>-</u>	<u>-</u>	<u>(32.4)</u>	<u>(32.4)</u>
Balance at 31 March 2008		<u>11,597.6</u>	<u>167.7</u>	<u>1,580.9</u>	<u>13,346.2</u>
Depreciation					
Balance at 1 April 2007		-	87.8	1,107.9	1,195.7
Charge for the year		-	14.4	115.9	130.3
Disposals		<u>-</u>	<u>-</u>	<u>(32.4)</u>	<u>(32.4)</u>
Balance at 31 March 2008		<u>-</u>	<u>102.2</u>	<u>1,191.4</u>	<u>1,293.6</u>
Net Book Value					
At 31 March 2008		<u>11,597.6</u>	<u>65.5</u>	<u>389.5</u>	<u>12,052.6</u>
At 31 March 2007		<u>11,190.5</u>	<u>64.5</u>	<u>330.7</u>	<u>11,585.7</u>

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2008 (Continued)**

8 Tangible Fixed Assets (continued)

Charity	£'000	Freehold Property	Leasehold Property	Equipment/ Improvements Etc	Total
Cost					
Balance at 1 April 2007		11,190.5	13.4	796.1	12,000.0
Additions		407.1	-	115.0	522.1
Disposals		-	-	(18.9)	(18.9)
Balance at 31 March 2008		11,597.6	13.4	892.2	12,503.2
Depreciation					
Balance at 1 April 2007		-	3.0	588.7	591.7
Charge for the year		-	0.2	66.6	66.8
Disposals		-	-	(18.9)	(18.9)
Balance at 31 March 2008		-	3.2	636.4	639.6
Net Book Value					
At 31 March 2008		11,597.6	10.2	255.8	11,863.6
At 31 March 2007		11,190.5	10.4	207.4	11,408.3

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

9 Capital Commitments

At 31 March 2008, capital expenditure commitments not provided for in these accounts was Nil. (2007 - £110,000)

10 Investments in Subsidiary

	2008 £'000	2007 £'000
Share Capital	7.0	7.0

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 £134.3k (2007 - £125.0k) which has subsequently been repaid. £67.1k 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 long term loan of £104.8k (2007 - £40k) has been provided by the charity which is repayable over 5-7 years. £17.9k of 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 Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2008 (Continued)**

The Waterperry Estate is owned by the charity and is used for residential courses and Art in Action festival. The principal activity of Waterperry Gardens Limited within the estate is horticulture. A summary of the trading results for the year is set out below. Audited accounts for the year ended 31 December 2007 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	2008	2007
Turnover		1,458.2	1,387.2
Operating expenses		(1,533.7)	(1,393.6)
		(75.5)	(6.4)
Interest payable		(7.5)	(3.4)
Interest receivable		2.8	1.3
Net profit for the year before taxation		(80.2)	(8.5)
Taxation		-	(9.1)
Net loss for the year occurred by the Company		(80.2)	(17.6)
Less: Elimination of transactions with the Fellowship		(1.0)	(5.2)
Included in Consolidated SOFA		(81.2)	(22.8)

Turnover and Operating Costs shown in the Consolidated Statement of Financial Activities (Page 11) are after deducting the net value of transactions with the Charity.

11. Investments

Quoted Securities	£'000	2008	2007
Market value at 1 April 2007		12.5	11.4
Net investment gain/(loss)		(5.8)	1.1
Market Value at 31 March 2008		6.7	12.5
Cost at 31 March 2008		8.3	8.3

The Quoted Securities were listed on a UK Stock Exchange.

Material Investments (more than 5% of portfolio):

	£'000	Holding	2008 Market Value	Cost
HBOS plc Ord. Shares of 20p each		1,092	6.1	7.9
Royal Bank of Scotland Ord. Shares of £1 each		167	0.6	0.4

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2008 (Continued)**

12 Debtors

	Group		Charity	
£'000	2008	2007	2008	2007
Subsidiary company	85.0	109.4	239.1	165.0
Trade debtors	8.6	3.4	-	-
H M Revenue & Customs	23.4	25.6	23.4	25.6
Prepayments	36.6	45.0	36.6	45.0
Other debtors	30.6	45.7	12.7	24.5
Loan to The Independent Educational Association Limited	1,650.0	1,650.0	1,650.0	1,650.0
	<u>1,834.2</u>	<u>1,879.1</u>	<u>1,961.8</u>	<u>1,910.1</u>

The Trustees Report notes the relationship between the charity and The Independent Educational Association Limited.

13 Creditors due within one year

	Group		Charity	
£'000	2008	2007	2008	2007
Trade creditors	180.4	193.2	130.8	143.0
Accruals	62.5	85.5	62.5	34.2
Student loans	27.4	37.4	27.4	37.4
External loans	143.0	8.0	143.0	8.0
Taxes & social security costs	49.9	45.8	9.7	7.9
Fees received in advance	-	0.5	-	0.5
Other creditors	83.0	16.5	15.7	16.5
	<u>546.2</u>	<u>386.9</u>	<u>389.1</u>	<u>247.5</u>

Creditors due after one year

None of the creditors have terms of repayment in excess of one year except loans in 2007.

	Group		Charity	
£'000	2008	2007	2008	2007
Repayable within one year	-	45.4	-	45.4
After one year	-	140.0	-	140.0
	<u>-</u>	<u>185.4</u>	<u>-</u>	<u>185.4</u>

14. 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	-	7,380.0	-	-	7,380.0
Unrestricted Funds	<u>11,863.6</u>	<u>174.5</u>	<u>1,680.6</u>	<u>-</u>	<u>13,718.7</u>
Total Funds - Charity	11,863.6	7,691.8	1,680.6	-	21,236.0
Subsidiary Reserves	<u>189.0</u>	<u>51.6</u>	<u>(22.2)</u>	<u>-</u>	<u>218.4</u>
Total Funds - Group	<u>12,052.6</u>	<u>7,743.4</u>	<u>1,658.4</u>	<u>-</u>	<u>21,454.4</u>

**The Fellowship of the School of
Economic Science
Notes to the Accounts
For the year ended 31 March 2008 (Continued)**

15. Movement in Funds

£'000	Fund Balance 1.4.2007	Income	Expenditure	Transfers (to)/from other Funds	Funds Balance 31.3.2008
Restricted Funds					
Future branches' properties	137.3	-	-	-	137.3
Designated Funds					
London Buildings Fund	826.2	-	(402.0)	309.8	734.0
General Repair Fund	3,000.0	-	-	-	3,000.0
Branches Buildings Funds	83.8	-	(11.9)	4.1	76.0
New Buildings Fund	3,760.0	-	-	(190.0)	3,570.0
Total Designated Funds	7,670.0	-	(413.9)	123.9	7,380.0
Unrestricted Funds					
Charity General Funds	13,240.1	2,666.2	(2,063.7)	(123.9)	13,718.7
Subsidiary Company	298.6	1,433.2	(1,513.4)	-	218.4
Total General Funds	13,538.7	4,099.4	(3,577.1)	(123.9)	13,937.1
Consolidated Funds	21,346.0	4,099.4	(3,991.0)	-	21,454.4

Notes regarding the above funds

1. Restricted Funds:

This fund represents monies raised from donors for the specific purpose of buying a local building for two branches, viz. Berkshire and West Midlands.

2. 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 17.

16. Benevolent Fund

The Charity has a subsidiary fund registered with the Charity Commission (No. 313115-1). The fund's objects are the provision of financial assistance for poor students attending any of the classes conducted by the School of Economic Science. Net assets as at the Balance Sheet date were £3.9k.