



*Securing the future of deaf children and young people*

MARY HARE  
REPORT OF THE BOARD OF GOVERNORS  
AND ACCOUNTS  
FOR THE YEAR ENDED 10 JULY 2011



REGISTERED CHARITY NUMBER: 1048386

MARY HARE

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Report of the Board of Governors	2 - 10
Independent auditor's report	11 - 12
Consolidated statement of financial activities	13
Consolidated balance sheet	14
Company balance sheet	15
Consolidated cash flow statement	16
Notes to the financial statements	17 - 42

MARY HARE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 10 JULY 2011

**Governors, Directors and Charity Trustees**

M S D Granatt CB, (Chairman)  
V Addison  
A D Barron  
G M Bevan Thomas (appointed 13 June 2011)  
H Cole, (West Berkshire Council Representative)  
R Evans (appointed 7 March 2011)  
S J Fincham, (PTA Representative)  
S Goldberg, (Alumni Representative)  
J C Hedger CB, (Vice Chairman)  
Lady Eliza Mays-Smith  
R M Mays-Smith  
J E Roberts  
N Roberts (resigned 12 November 2010)  
R A G Sanders Rose OBE (appointed 7 March 2011)  
P A Simpson , (BATOD Representative)  
Doctor I G Tucker OBE, (Executive Vice Chairman Enterprise)

**Company Registered Number**

3085006

**Charity Registered Number**

1048386

**Address and Registered Office**

Arlington Manor, Snelsmore Common, Newbury, Berkshire, RG14 3BQ

**Chief Executive Officer and Principal**

D A J Shaw

**Company Secretary and Director of Finance and Business**

J P Jackson

**Auditors**

James Cowper LLP, Mill House, Overbridge Square, Hambridge Lane, Newbury, Berkshire, RG14 5UX

**Bankers**

National Westminster Bank PLC, 30 Market Place, Newbury, Berkshire, RG14 5AJ

**Solicitors**

Charles Lucas & Marshall, Radnor House, 28 Bartholomew Street, Newbury, Berkshire, RG14 5EU

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS FOR THE YEAR ENDED 10 JULY 2011

The Governors submit their report and the audited accounts for the year ended 10 July 2011 prepared in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005.

#### Reference and Administrative Information

Mary Hare Grammar School for the Deaf was established as a charity in the late 1940s in the form of a charitable trust. The charity was incorporated on 28 July 1995 under company number 3085006 and the name of the company was changed on 28 February 2005 to Mary Hare. The charity is registered with the Charity Commission under number 1048386. The Governors, Directors and Trustees, the principal Company officers, the registered office and the professional advisors are as shown on the Reference and Administrative details page.

#### Structure, Governance and Management

##### Governing Documents

The company is governed by its Memorandum and Articles of Association.

##### Governing Body

The Governors are charity trustees, directors and members of the Company.

The Governors are appointed by the Board of Governors, subject to retirement and re-election procedures at the Annual General Meeting. Full details are in the company's Articles of Association.

The Board of Governors has established sub-committees to deal with certain specific aspects of Mary Hare's affairs. The principal sub-committees are finance, education, care, and business. The sub-committee chairmen in the year were:

Education - J C Hedger CB

Finance - R M Mays-Smith until September 30, 2010. A D Barron from October 1, 2010

Business – A D Barron (interim chairman)

Care - J E Roberts

Membership details of the various sub-committees are available from Mary Hare. New Governors are inducted into the workings of the charity on appointment and appropriate training is arranged.

#### Organisation

##### Mary Hare

The Governors determine the general policy and strategy of Mary Hare, and have various duties in respect of appeals procedures and safeguarding. The Chief Executive of Mary Hare coordinates total resources and activities across the range of Mary Hare interests and activities. Other senior roles also have responsibilities across the organisation, reflecting the broader structure of Mary Hare activities.

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

#### **Mary Hare Schools**

For the year ended 10 July 2011, the day-to-day management of the Mary Hare Schools, both primary and secondary, was the responsibility of Chief Executive and Principal D J A Shaw, working with his management team.

#### **Mary Hare Training Services**

This division coordinates the provision of training both in postgraduate education of teachers of the deaf and training of professionals and practitioners in deaf education and audiological science. As well as providing for a variety of award bearing courses, it runs a wide range of day courses and conferences.

#### **The Burwood Centre**

The Centre provides independent assessments for babies and children diagnosed with a hearing loss. The Centre's income is derived from fees paid by the families for assessments, charitable donations and support from unrestricted income.

#### **Mary Hare Services Limited**

The company is a wholly owned trading subsidiary of Mary Hare carrying out commercial activities to raise funds for Mary Hare. Activities include rental of facilities including the new Arlington Arts Centre, and the use of the Mill Hall building for conducting weddings. It is not a registered charity. It draws up accounts to 10 July each year.

#### **Arlington Laboratories Limited**

Mary Hare has a 50% interest in this company. The company's investment takes the form of a share capital investment of £25,000. The company manufactures and sells earmoulds on a commercial basis, mainly supplying NHS Trusts, and makes up accounts to 31 December each year. The accounts reflect Mary Hare's share of the retained profit, assets and liabilities of Arlington Laboratories for the period 1 July 2010 to 30 June 2011.

#### **The Mary Hare Foundation**

The Mary Hare Foundation is a charity established under a trust deed in 1991. The purpose of the Mary Hare Foundation is to raise significant funding for major capital and other projects undertaken by Mary Hare. The main fundraising projects in the year were Duke of Edinburgh Equipment, Audiology Equipment, Music Therapy and 'Lepus' (Learning Enriched through Parental Understanding and Support) - the latter is a proposed project to offer further support for families of deaf children. The Foundation also started the Murray House Appeal to raise funds for the building of a new boarding house for Year 11, planned to be started in Spring 2012.

#### **Objects, Aims, Objectives and Principal Activities**

##### **Objects**

The objects of Mary Hare are to promote and provide for the advancement of education of children and young adults with hearing and related disabilities, including through the operation of boarding schools and other educational activities.

##### **Aims**

Mary Hare's aim is to enable severely and profoundly deaf children to fulfil their academic potential. It also aims to develop its services to improve delivery of benefits to deaf children, both directly through education and through the training of professionals and practitioners working with deaf children. Children's needs are met by provision of special education services and by developing education skills which can be passed on through training. Emphasis is also placed on meeting pupils' social and emotional needs.

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

#### Objectives

The medium to long term strategy is to sustain and develop to the highest standards the core school activities while growing the activities in training, support and partnership, both as a Training School and Specialist Special School, and in designing and running training programmes for practitioners and professionals engaged in deaf education outside Mary Hare. The strategy includes the further development of business activities to fund the development of the charity.

The success of the schools is assessed by continued excellence in academic achievement and in the development of social and emotional well being that enables pupils to continue to succeed in later life. In training activities, success is assessed in the range of courses provided and in the numbers and result of trainees who receive the benefit of training services, hence the breadth of skills available in teachers and practitioners working with deaf children.

The objectives for 2010-11 were:

- Continue to deliver excellent academic results and outstanding contextual value added measures
- Increase the number of vocational courses on offer within the 14 to 19 curriculum
- To develop both the extended school day and the residential provision so that the care provision of the school achieves exemplary standards
- Further improve the percentage of pupils who leave Mary Hare to access Higher Education
- Continue to extend outreach activities within the Specialist School status of the school
- To recruit a second cohort of Foundation Degree students who wish to study Hearing Aid Audiology and enable the initial cohort to successfully matriculate from the course
- Further develop the programme of courses and conferences offered to Teachers of the Deaf and allied professionals
- Continue to exploit the potential of the Arlington Arts Centre in order to promote community involvement socially and to showcase the work of Mary Hare professionally
- Continue to widen the business activities to grow unrestricted income to allow ongoing development of Mary Hare

#### Principal Activities

The principal activity of Mary Hare is to provide education to profoundly and severely deaf children through the operation of two schools. Both schools educate using an auditory oral method. Pupils come from a range of communication backgrounds, including total communication, sign bilingual and auditory /oral.

Mary Hare Primary School is a non-maintained special school which caters for primary-aged children (4 –12 years of age) with severe or profound hearing loss. During the year the Primary School had an average of 26 pupils. Mary Hare School is a non-maintained, national special school for profoundly and severely deaf children. Pupils come from all over the UK and some from overseas and are aged from 11 to 19 years. During the year the secondary school had an average of 204 pupils.

Mary Hare's Training Services Division trains teachers of the deaf through postgraduate courses provided in association with Oxford Brookes University.

Commercial activities carried out in Mary Hare Services Ltd include the letting of school facilities for an international language school, for weddings and the letting of the Arlington Arts Centre for commercial theatre, conferences and other events.

Income from all Mary Hare's commercial activities provides the school with funds equivalent to the cost of more than seven teaching posts.

#### Review of Achievements and Performance for the Year

##### Summary

It has been an eventful year for Mary Hare, marked by very considerable achievements and challenges. The professionalism and dedication of all our staff has achieved excellent results for pupils and students,

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

academically and in the extra-curricular activities that enrich their education. In a combined education and care inspection, Ofsted rated Mary Hare as Outstanding overall, providing excellent value for money. Mary Hare's specialist and training activity has gone from strength to strength, although government funding for this is now being withdrawn. Mary Hare is an active player in international research to improve deaf education. Among our challenges was the withdrawal of government grants, forcing a reduction in staff salaries and other cost savings, although in cash terms we now (at September 1, 2011) have expenditure and revenue in balance. On safeguarding, an independent review by Sir Roger Singleton exonerated Mary Hare from blame in a very difficult case that led to the conviction of a former student. His judgement concurred with Ofsted's view of our care regime.

We are still in a harsh environment with a significant number of families each year having to fight to secure a place at Mary Hare for their child. Our track record within the Special Educational Needs Tribunals (SENT) continues to be strong. We remain confident that where a hearing impaired child's needs are not being met in the mainstream, Mary Hare's ability to offer appropriate education is well recognised. Through our Specialist Special School work, our Training School work and our partnership with Oxford Brookes University we have become more reflective as practitioners who are better placed to meet the challenges of deafness. The credibility gained from our successful work in this field acts as a unique selling point when marketing our training courses and technical services to outside professionals.

#### *Mary Hare Schools*

Mary Hare Primary School has successfully provided young hearing impaired children with timely intervention when the provision they have received in a mainstream setting has fallen short of their special educational needs. The professionalism and dedication of Mary Hare's multi disciplinary teams have been able to rectify these situations with remarkable success. This was demonstrated by six pupils in Year 6 who, despite their earlier setbacks, matriculated to Mary Hare Secondary School in July 2011 and resumed an academic secondary education. As a result of its sustained excellence, Mary Hare Primary School continues to attract pupils in increasing numbers. It anticipated balancing this year's large group of leavers with an equivalent number of new pupils for 2011/12.

Mary Hare Secondary School has continued to deliver educational standards which are significantly better than those reported for hearing impaired pupils nationally. The Government's 'gold standard' measure is the percentage of pupils achieving 5 or more grade A\* to C at GCSE including Maths and English. Mary Hare's results continue to beat the national average for the hearing impaired pupils taught in the mainstream (48% compared to 35.5%).

Contextual Added Value is the Government's measure of academic progress across Key Stage 3 and Key Stage 4. Critically, Mary Hare School scored above all other special schools in England by a significant margin (1247.1 compared to 1198.7). Without notice, the Department of Education retrospectively applied a new metric to the School Performance Tables this year entitled the 'English Baccalaureate'. This is the percentage of students achieving GCSE A\* to C grades in English, Maths, Science, History/Geography and a Modern Foreign Language. The national average for this measure was 15.6%, which Mary Hare surpassed with a value of 17%.

At post -16, Mary Hare students compete for higher education against hearing students who have also achieved excellent GCSE and A-level results. Nationally, 47% of 18 year-olds entered Higher Education in 2009 compared to the Mary Hare figure of 88%.

Extensions to the timetabled curriculum continue to enrich the lives of our pupils, and also give them opportunities to learn alongside their hearing peers. A study tour of Iceland took place in collaboration with the Kennet School in Thatcham and enabled Sixth Form students from both schools to develop their Geography field study skills in an exceptional environment.

Mary Hare now has an Outdoor Education specialist to increase the options available to students within the PE and Sport Studies curriculum. This appointment has also been pivotal in further enriching the after school Duke of Edinburgh programme. Eight sixth formers undertook a Gold Duke of Edinburgh kayaking expedition at the start of August. A further group are in sight of their overall Gold award and a trip to Buckingham Palace.

This year saw strong work by Mary Hare as a Specialist Special School and a Training School. It is therefore sad that the Coalition Government decided to cease funding these initiatives after 2010/11. However, the Green Paper did highlight the Special School role in improvement of outcomes for children with SEN. We have

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

therefore made every effort to maintain the most valuable features of the "School Plan" element of Specialism, particularly the Accelerated Reader programme. Year 7 pupils have been given three reading sessions per week. They have used a computer system that assesses their understanding of what they have read and helps them to choose further reading optimised to promote progress.

Internationally, Mary Hare has played an active part in projects funded by the European Community. Through its partnership with Oxford Brookes, the school is now in the final stages of a Leonardo project to identify the set of competencies needed by professionals who are responsible for the education of deaf children. The aim is to ensure that wherever a deaf child is born in the EU, the team around the child will always have the essential competencies to succeed. The final report on this work is in preparation. A bid to undertake a realisation phase of this work is being submitted. A new Leonardo project being bid for aims to promote the development and effective use of assistive listening devices within education. Assistive listening devices act to ensure that the benefits of hearing aids and cochlear implants are not compromised by poor acoustics. Mary Hare has been invited to play a key role in this work.

We continued to invest in information technology across the year. The Portal has now been re-configured to increase its functionality. Parents, Governors and post graduate students now have password protected access to their areas. A 'Moodle' virtual learning environment now extends our lifelong learning community through internet based offerings.

We are continuing to upgrade, redevelop and replace some of our main campus building infrastructure. This is much needed and focuses on pupil accommodation needs. Projects completed include a new Health Centre, a refurbished care wing, and the continuation of our boarding house refurbishment. Despite difficult conditions, fundraising for the new boarding house was successfully undertaken by the Mary Hare Foundation.

During the year, two major challenges confronted Mary Hare with disruption, significant financial difficulties and adverse national publicity. They were overcome with robust responses led by the Board of Governors, and demonstrated the strength of support Mary Hare enjoys from parents, former pupils, all its staff, and others.

The sentencing of a former student in the crown court for serious sexual offences led to adverse publicity in the national press. Hundreds of alumni signed an on-line petition supporting the school, which also received great support from parents and others. The Board engaged Sir Roger Singleton, Chair of the Independent Safeguarding Authority, and former chief executive of Barnardo's, to review independently the school's response to the events that led to the case. He exonerated the school and made a number of helpful recommendations, all of which are being implemented.

As mentioned, the Government decided to remove Specialist School and Training School funding from Non Maintained Schools summarily, and we lost a considerable sum in income. Led by the Board, the Executives of the School consulted with staff to reduce salaries and other elements of its cost base. This was a very painful exercise. However, from September 2011 the expenditure of the school is back in line with prospective revenue from a cash perspective.

To cap a challenging year, Ofsted brought forward the school's next education & care inspection by 6 months to the end of June and virtually the end of the summer term. However, their findings restored the School's 'Outstanding' rating and confirmed that Mary Hare's schools "provide 'excellent value for money'".

#### *Training*

During the year we further developed the provision of training courses and conferences for professionals working in deaf education and numbers attending increased. The new Foundation Degree in Hearing Aid Audiology saw its first cohort of eight graduate. It is currently oversubscribed for 2011-12. At the examination board meeting with Oxford Brookes, the external examiner referred to the Mary Hare courses as "Rolls Royce".

Regrettably the Higher Education Funding Council (HEFCE) funding that subsidised postgraduate student places is ending. Oxford Brookes University are increasing their fees in line with the loss of this funding, which will put extra financial pressure on employers who pay the fees. However, high level discussions with one independent hearing aid dispenser have shown that the reputation of this course has spread, and we are currently building a relationship with them that will provide a steady flow of new students. We are exploring all avenues to ensure the continued success of these courses.

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

#### *The Businesses*

Arlington Laboratories manufactures earmoulds, primarily for the National Health Service but also for private hearing aid dispensers. It has traded well despite the difficult economic situation. In early June, Mary Hare and its trading partner became aware of a fledgling earmould laboratory which had set up a rival business in Newbury. Investigations led to concerns about both its genesis and operating arrangements. A civil action was launched resulting in the rival laboratory making a substantial payment and providing key undertakings for the coming period.

Our hearing aid dispensaries are showing some signs of modest improvement following the significant downturn over the last two years. Following the Board's decision in January 2011 to sever the connection with one (Cheltenham) and reconnect with a previous centre in Salisbury, we continue to do well in Newbury. There are some promising signs in Salisbury. It is evident that the Mary Hare brand is well respected locally but takes longer to establish itself more regionally.

#### Financial Review and Performance for the Year

	2011	2010
	£	£
Mary Hare School	(632,290)	(794,016)
Mary Hare Primary	50,320	27,452
Trading Activities	168,970	160,228
Burwood Centre	(73,360)	(72,743)
	<u>(486,360)</u>	<u>(679,079)</u>
Joint venture activities	259,076	153,765
	<u>(227,284)</u>	<u>(525,314)</u>
Actuarial gain / (loss) on defined benefit pension scheme	1,323,000	(1,910,000)
Exceptional item - pension scheme costs	(182,000)	(7,000)
Exceptional item - past service gain	706,000	-
Total	<u>1,619,716</u>	<u>(2,442,314)</u>

It will be apparent from the Statement of Financial Activities on Page 13 that the results for the year are materially affected by pension scheme adjustments arising from a revaluation of Mary Hare's share in the Berkshire Pension Scheme by Pension Actuaries. Changes in assumptions which the Actuaries have made have given rise to a gain of £1,323,000 compared with a loss last year of £1,910,000. There is a further gain of £706,000 arising from a recalculation of pension scheme liabilities on past service on the basis that pensions will increase in line with the consumer price index rather than the retail price index. There are pension scheme costs of £182,000 which are higher than normal due to various factors including changes in assumptions relating to life expectancies. None of these gains, of course, give rise to a cash benefit or cost to Mary Hare in the current year.

If you look at the results before these pension adjustments you will see that Mary Hare School reduced its loss for the year and you will also see the extent to which the trading activities which Mary Hare conducts both on its own behalf and in conjunction with its partners support the School and enable us to keep fees low. This was recognised in the recent Ofsted report where we were described as "Excellent Value for Money". We also received a grant from the Mary Hare Foundation of £70,000 which together with their capital fund raising projects further enhances our ability to offer value for money.

The reduction in the loss for the Secondary School arose despite the fact that pupil numbers were, at 204, slightly below last year's figure of 205, and was a result of a comprehensive cost reduction programme. During the year our economic outlook worsened significantly with the severe pressure on Government expenditure which resulted in major cuts in Central Government Grants and serious pressure on fees charged to Local Authorities. In addition there has been very high inflation in energy costs and our food bills. We have therefore had to implement a second cost reduction plan involving significant reductions in salaries and further reductions

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

in other costs.

The Primary School has seen an increase in pupil numbers from an average 25 to an average 26, and despite the fact that 9 pupils left at the end of last year (many of them to join the senior school) we expect this success to continue.

#### **Reserves and Reserves Policy**

Mary Hare has unrestricted reserves of £4,970,905 at the year end (2010: £3,031,018). Unrestricted reserves have been significantly impacted this year by the surplus arising from the accounting rules surrounding the Royal County of Berkshire deficit. This provision is heavily impacted by changes in actuarial assumptions this year and also the extrapolation of past liabilities at the consumer price index as opposed to the formerly used retail price index. Without the pension deficit provision of £1,650,000 unrestricted funds would amount to £6,620,905.

The Governors continue to monitor the Royal County of Berkshire Pension Scheme deficit. Under the relevant accounting rules, the deficit of £1,650,000 at 31 March 2011 has been included in the balance sheet. They do not anticipate a significant impact on the cashflow in the foreseeable future. The level of current contributions follow the requirements of the Scheme based on the recommendation of its actuarial advisers and considerable notice is expected and in the past been given of any change in recommendations from the Scheme advisers to address any ongoing deficits. Further details can be found in note 25 to the accounts.

Group cash reserves were £532,435 at the year end (2010: £698,328). An overdraft facility is available to maintain flexibility in cash flow planning but was not required during the year.

The cash reserves policy of Mary Hare has been based on its objectives. Its main features are:

- a) to achieve a margin of working capital sufficient to enable all aspects of Mary Hare's activities to be conducted efficiently
- b) to provide cover for significant unexpected or unavoidable increases in outgoing resources or reductions in incoming resources

#### **Risks**

The Governors examine the major risks that Mary Hare faces regularly. There are systems to monitor and control these risks to mitigate any impact they may have on Mary Hare in the future. A full structured review of risks took place in 2008 and will be repeated in the coming year. The Governors are satisfied that adequate systems are in place.

The current external economic environment is beginning to impact the school directly. We are aware of the pressures that Local Authorities are under and this is having a direct impact on required fee levels. Furthermore it is also having an impact potentially on our pupil numbers. The financial pressures on Local Authorities can mean that a placement with ourselves is not a sought after option for some authorities. We have also seen for a somewhat longer period the negative impact on demand in joint venture businesses. The Governors have already undertaken a review of the costs of the organisation in 2011-12 and a cost reduction plan is being implemented to deal with forecasted negative impacts.

#### **Public Benefit**

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

Mary Hare provides education to its pupils within the national curriculum and meets the standards set by Ofsted. This meets a fundamental test for advancement of education for public benefit identified by the Charity Commission. The education is restricted to pupils who are severely or profoundly deaf. This class of beneficiaries have a particular common charitable need which justifies restricting the benefit to them because of the special nature of the education required.

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

#### Environmental Initiatives

Mary Hare continues to undertake a series of environmental initiatives, which in the prior year included the construction of a new sewage plant. In the current year this has involved switching boilers from gas oil to Kerosene and also we have shifted our site waste disposal to a system involving recycling waste. Mary Hare continues to look at any and all projects to reduce energy consumption for example through light fittings and sensors. A project to analyse the benefit of solar power is currently underway.

#### Future Plans

A 5-year plan was approved by Governors in June 2006 and was due for revision in 2011. The key elements of the plan are:

1. To sustain the high quality of education and excellent results in the core school activities. Plans include consolidating and building on the number of pupils in the senior school and evolving accommodation to meet the additional needs. Investment in modifications and additions to teaching resources and accommodation is planned.
2. To continue efforts to build pupil numbers in Mary Hare Primary School.
3. To establish Mary Hare as a major provider of training for teachers of the deaf and other practitioners by broadening the range of courses and collaborations offered. To use the Arlington Arts Centre as a focal venue for conferences and seminars on deaf education.
4. To develop fundraising activity to address revenue as well as capital projects. To use marketing and communications support to improve knowledge of and positioning of the charity among beneficiaries, supporters and sponsors.
5. To develop the successful business in earmould manufacture over the plan period and to develop dispensing of hearing aids in its own right. To take advantage of expiry of warranties of NHS aids to develop the hearing aid repair business.
6. To develop lettings of Arlington Arts Centre for external theatre and conferences in addition to growth in established lettings activities.

Good progress was made and continues to be made in these areas, which will continue to figure in future plans. In the light of this and the exceptional challenges of 2011, the Governors decided that management energies should be focussed on the immediate matters to hand. Therefore the process to formulate and adopt a new five year strategy and plans will be concluded in 2012.

The strategy for the next 5-year period will focus strongly on the interdependent themes of improving pupil numbers, sustaining the quality of our educational offer, refurbishing critical infrastructure, and ensuring a strong financial position. Planned activity will include:

- A strengthened marketing and communication programme to develop the Mary Hare brand across the UK and internationally. The aim will be to capitalise on Ofsted's rating of the school as Outstanding and exceptional value for money to attract more pupils.
- Ensuring that Mary Hare has the capacity to provide a safe haven for deaf children whose mainstream provision will be severely compromised by cuts in local authority provision.
- Swift appraisal of Government initiatives such as Free Schools to ensure that Mary Hare can take appropriate advantage of them.
- Continual appraisal of educational and economic development developments to ensure that Mary Hare's provision and plans are robust.
- Focussing business activities on consolidating and developing proven areas of success.

## MARY HARE

### REPORT OF THE BOARD OF GOVERNORS (continued) FOR THE YEAR ENDED 10 JULY 2011

#### Accounting Responsibilities

Company law requires the Governors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group and of the incoming resources and application of resources, including the income and expenditure, of the group and company for that period. In preparing these accounts, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- ensure applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgments and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group and company will continue in operation.

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

#### Statement of Disclosure

So far as the Governors are aware, there is no relevant audit information of which the company's auditors are unaware.

#### Auditor

The auditors, James Cowper LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the Governors on 10 October 2011 and signed on their behalf, by:

**M S D Granatt CB**  
Chairman

## MARY HARE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARY HARE

We have audited the financial statements of Mary Hare for the year ended 10 July 2011 set out on pages 13 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

#### RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### QUALIFIED OPINION ON FINANCIAL STATEMENTS

The information available to us was limited in respect of the company's share of the Royal County of Berkshire Pension Scheme deficit included in the balance sheet at 10 July 2011. The pension scheme provided actuarial information relating to the company's share of scheme assets and a calculation of the scheme's liabilities as at 31 March 2011, rather than the company's year end of 10 July 2011. The scheme has been unable to provide actuarial information as at 10 July 2011. The accounting treatment of the pension scheme deficit of £1,650,000 included in the balance sheet and the related disclosures concerning the Royal County of Berkshire Pension Scheme are therefore not in accordance with Financial Reporting Standard 17 'Retirement Benefits', which requires pension scheme information to be provided as at the balance sheet date.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the pension scheme deficit at 10 July 2011, in our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 10 July 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MARY HARE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARY HARE

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In respect solely of the limitation on our work relating to the pension scheme deficit at 10 July 2011, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

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

**Mr Michael Farwell (Senior Statutory Auditor)  
For and on behalf of James Cowper LLP  
Statutory Auditor and Chartered Accountants**

Mill House  
Overbridge Square  
Hambridge Lane  
Newbury  
Berkshire  
RG14 5UX  
2 November 2011

MARY HARE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 10 JULY 2011

	Note	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Donations and grants	2	519,287	47,460	566,747	595,073
Activities for generating funds:					
-Turnover from trading subsidiary & share of joint ventures	3	-	1,236,820	1,236,820	1,200,131
-Less: Share of turnover from joint ventures		-	(775,392)	(775,392)	(754,156)
Investment income	4	-	3,223	3,223	2,907
Incoming resources from charitable activities	5	-	7,702,428	7,702,428	7,499,777
Other incoming resources	6	-	10,576	10,576	13,524
<b>TOTAL INCOMING RESOURCES</b>		<b>519,287</b>	<b>8,225,115</b>	<b>8,744,402</b>	<b>8,557,256</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Costs of generating voluntary income		-	106,469	106,469	74,581
Costs of trading subsidiary	3	-	292,458	292,458	285,747
Charitable activities	7	781,641	7,892,783	8,674,424	8,741,208
-Exceptional item – pension scheme costs	7	-	182,000	182,000	7,000
Governance costs		-	27,411	27,411	31,799
Other resources expended	8	-	130,000	130,000	103,000
<b>TOTAL RESOURCES EXPENDED</b>	10	<b>781,641</b>	<b>8,631,121</b>	<b>9,412,762</b>	<b>9,243,335</b>
<b>NET RESOURCES EXPENDED BEFORE TRANSFERS</b>		<b>(262,354)</b>	<b>(406,006)</b>	<b>(668,360)</b>	<b>(686,079)</b>
Transfers between funds	19	(57,817)	57,817	-	-
<b>NET RESOURCES EXPENDED BEFORE JOINT VENTURE INCOME AND OTHER RECOGNISED GAINS/(LOSSES)</b>		<b>(320,171)</b>	<b>(348,189)</b>	<b>(668,360)</b>	<b>(686,079)</b>
Net income from interests in joint ventures		-	259,076	259,076	153,765
Actuarial gains and losses on defined benefit pension schemes	25	(320,171)	(89,113)	(409,284)	(532,314)
Exceptional item – past service gain	7	-	1,323,000	1,323,000	(1,910,000)
		-	706,000	706,000	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(320,171)</b>	<b>1,939,887</b>	<b>1,619,716</b>	<b>(2,442,314)</b>
Total funds at 11 July 2010		2,803,664	3,031,018	5,834,682	8,276,996
<b>TOTAL FUNDS AT 10 JULY 2011</b>		<b>2,483,493</b>	<b>4,970,905</b>	<b>7,454,398</b>	<b>5,834,682</b>

All activities relate to continuing operations. The Statement of Financial Activities includes all the gains and losses recognised in the year. The notes on pages 17 to 42 form part of these financial statements.

**MARY HARE**  
**REGISTERED NUMBER: 3085006**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 10 JULY 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	14		8,505,508		8,763,515
Investments	15		26,868		26,868
Investments in joint ventures					
-Share of gross assets		399,479		392,748	
-Share of gross liabilities		(387,506)		(379,433)	
Share of net assets	15		11,973		13,315
			<b>8,544,349</b>		<b>8,803,698</b>
<b>CURRENT ASSETS</b>					
Stocks	16	45,325		56,136	
Debtors	17	2,370,346		2,136,662	
Cash at bank and in hand		532,435		698,328	
			<b>2,948,106</b>		<b>2,891,126</b>
<b>CREDITORS:</b> amounts falling due within one year	18		<b>(2,388,057)</b>		<b>(2,493,142)</b>
<b>NET CURRENT ASSETS</b>			<b>560,049</b>		<b>397,984</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>9,104,398</b>		<b>9,201,682</b>
Defined benefit pension scheme funding deficit	25		<b>(1,650,000)</b>		<b>(3,367,000)</b>
<b>TOTAL NET ASSETS AFTER PENSION DEFICIT</b>			<b>7,454,398</b>		<b>5,834,682</b>
<b>FUNDS</b>					
Restricted funds	19		2,483,493		2,803,664
Unrestricted funds:					
Unrestricted funds excluding pension deficit		6,620,905		6,398,018	
Pension reserve/(deficit)		(1,650,000)		(3,367,000)	
			<b>4,970,905</b>		<b>3,031,018</b>
			<b>7,454,398</b>		<b>5,834,682</b>

The financial statements were approved by the Governors on 10 October 2011 and signed on their behalf, by:

**M S D Granatt CB**  
Governor

**A D Barron**  
Governor

The notes on pages 17 to 42 form part of these financial statements.

**MARY HARE**  
**REGISTERED NUMBER: 3085006**

**COMPANY BALANCE SHEET**  
**AS AT 10 JULY 2011**

	Note	£	2011 £	2010 £
<b>FIXED ASSETS</b>				
Tangible assets	14		8,498,201	8,754,382
Investments	15		25,002	25,002
			8,523,203	8,779,384
<b>CURRENT ASSETS</b>				
Stocks	16	37,396		48,438
Debtors	17	2,262,574		2,301,501
Cash at bank and in hand		455,079		472,574
			2,755,049	2,822,513
<b>CREDITORS:</b> amounts falling due within one year	18		(2,094,191)	(2,274,764)
<b>NET CURRENT ASSETS</b>			660,858	547,749
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,184,061	9,327,133
Defined benefit pension scheme funding deficit	25		(1,650,000)	(3,367,000)
<b>TOTAL NET ASSETS AFTER PENSION DEFICIT</b>			7,534,061	5,960,133
<b>FUNDS</b>				
Restricted funds	19		2,483,493	2,803,664
Unrestricted funds:	19			
Unrestricted funds excluding pension deficit		6,700,568		6,523,469
Pension reserve/(deficit)		(1,650,000)		(3,367,000)
Total unrestricted funds			5,050,568	3,156,469
			7,534,061	5,960,133

The financial statements were approved by the Governors on 10 October 2011 and signed on their behalf, by:

**M S D Granatt CB**  
Governor

**A D Barron**  
Governor

The notes on pages 17 to 42 form part of these financial statements.

MARY HARE

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 10 JULY 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	21	(78,923)	353,920
Returns on investments and servicing of finance	22	(4,560)	(4,990)
Capital expenditure and financial investment	22	(82,410)	(315,692)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u>(165,893)</u>	<u>33,238</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 10 JULY 2011

	2011 £	2010 £
(Decrease)/Increase in cash in the year	<u>(165,893)</u>	<u>33,238</u>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<u>(165,893)</u>	<u>33,238</u>
Net funds at 11 July 2010	<u>698,328</u>	<u>665,090</u>
<b>NET FUNDS AT 10 JULY 2011</b>	<u><u>532,435</u></u>	<u><u>698,328</u></u>

The notes on pages 17 to 42 form part of these financial statements.

## MARY HARE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 10 JULY 2011

#### 1. ACCOUNTING POLICIES

##### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) for Accounting and Reporting by Charities issued in March 2005.

##### 1.2 Fund accounting

The nature and purpose of each fund are explained in note 19.

##### 1.3 Fees and similar income

###### **Fees**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees invoiced prior to 10 July in respect of the Autumn term have been accounted for as debtors at the year end with the corresponding amount included in deferred income.

###### **Donations**

Donations received for the general purposes of the charity are included within unrestricted funds. Donations for activities restricted by the provider are taken to restricted funds where these wishes are legally binding on the Governors.

Donations in kind are reflected in the financial statements at their estimated value to Mary Hare.

###### **Grants receivable**

Grants are normally recognised as income in the period in which they are received.

Grants received in respect of property or other fixed asset additions are credited to a fixed asset grant fund within restricted funds. An annual transfer to unrestricted funds is made in respect of the amortisation of the grants over the estimated useful life of the relevant asset.

Revenue grants are credited to income and expenditure in the period in which the expenditure to which they relate is incurred.

###### **Deferred income**

Income is deferred for grants and other income where a deposit or receipt for a future service has been received.

##### 1.4 Expenditure

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay. Expenditure is shown gross of any irrecoverable VAT.

###### **Fundraising and publicity costs**

Fundraising and publicity costs to promote the awareness of Mary Hare with the aim of generating fees and increasing donated income are treated as costs of generating funds.

Other informative publicity is treated as charitable expenditure.

## MARY HARE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 10 JULY 2011

#### 1. ACCOUNTING POLICIES (continued)

##### 1.5 Group financial statements

The financial statements consolidate the results of the charity, Mary Hare, and its wholly owned subsidiary, Mary Hare Services Limited. The financial statements also reflect the group's share of the retained profit, assets and liabilities in respect of its investments in 50% joint ventures, Arlington Laboratories Limited, the Hearing Aid Repair Shop (UK) Ltd, Mary Hare Total Hearing Solutions Ltd and Mary Hare Hearing Centres LLP, in accordance with Financial Reporting Standard No. 9. The accounting treatment is to reflect these transactions, assets and liabilities on a gross basis. Income received by Mary Hare and Mary Hare Services Limited as Gift Aid, management charges and rent is included as net income from interest in joint ventures.

##### 1.6 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on cost
Motor vehicles	-	20% on cost
Furniture, fittings & equipment	-	7.5% - 15% on cost
Tractors & mechanical implements	-	20% on cost

Items costing in excess of £1,000 with an estimated useful life of several years are capitalised and depreciated. Items costing less than £1,000 are written off as an expense when acquired.

##### 1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

##### 1.8 Stocks

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

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

Teaching staff employed by Mary Hare are eligible for membership of the Teachers' Pension Scheme, which is a national, statutory contributory, unfunded defined benefit scheme administered by the Teachers Pension Agency, an executive agency of the Department for Education. Pension costs are assessed in accordance with the advice of the Government Actuary. As this is a multi-employer scheme whose assets and liabilities are not separately identifiable, under Financial Reporting Standard 17 'Retirement Benefits' it is treated as a defined contribution scheme with a charge to the accounts for the contributions paid and relevant disclosures about the scheme as a whole provided in Note 25.

Mary Hare has a funded defined benefit scheme for those members of staff who are not eligible to join the Teachers' Pension Scheme. The assets of this scheme are administered by the Royal County of Berkshire Pension Scheme. This is also a multi-employer scheme, but the assets and liabilities relating to Mary Hare are separately identifiable and are accounted for as belonging to Mary Hare.

The financial statements take account of the annual valuation of the defined benefit scheme undertaken by the pension fund's actuaries. The scheme deficit is the shortfall of the value of the assets of the scheme compared with the present value of scheme liabilities. The deficit is shown as a liability in the balance sheet. The change in the liability over the year has been analysed into the following components:

- Current service cost
- Expected return on pension scheme assets
- Interest on pension scheme liabilities
- Past service gains and costs
- Actuarial gains and losses

The current service cost, expected return on pension scheme assets, interest on pension scheme liabilities and past service gains and costs are within the resources expended section of the Statement of Financial Activities. Actuarial gains and losses arising from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the gains and losses section of the Statement of Financial Activities. More details are included in Note 25.

2. VOLUNTARY INCOME

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
General donations	112,071	3,916	115,987	34,136
DfE grants received	407,216	43,544	450,760	560,937
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<u>519,287</u>	<u>47,460</u>	<u>566,747</u>	<u>595,073</u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

3. ACTIVITIES FOR GENERATING FUNDS

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Trading income				
Subsidiary undertaking	-	461,428	461,428	445,975
Trading expenses				
Costs of subsidiary undertaking	-	292,458	292,458	285,747
	-	292,458	292,458	285,747
Net income from activities for generating funds	-	168,970	168,970	160,228

4. INVESTMENT INCOME

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Net income from interests in joint ventures	-	259,076	259,076	153,765
Investment income	-	3,223	3,223	2,907
	-	262,299	262,299	156,672

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
School fees	-	7,302,467	7,302,467	7,128,561
Burwood centre for childhood deafness fees	-	16,190	16,190	27,284
Oxford Brookes course income	-	200,911	200,911	153,587
Outreach and consultancy income	-	83,237	83,237	78,326
Music therapy	-	57,334	57,334	65,387
Foundation courses	-	42,289	42,289	46,632
	-	7,702,428	7,702,428	7,499,777

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

School fees

	2011 £	2010 £
Gross fees	7,348,975	7,170,751
Pupils' incidentals	(46,508)	(42,190)
Total	<u>7,302,467</u>	<u>7,128,561</u>

6. OTHER INCOMING RESOURCES

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Wayleave	-	455	455	411
Rent and estate income	-	3,646	3,646	12,516
Sundry income	-	6,475	6,475	597
	<u>-</u>	<u>10,576</u>	<u>10,576</u>	<u>13,524</u>

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Teaching and support costs	781,641	4,681,875	5,463,516	5,492,133
Welfare	-	1,236,593	1,236,593	1,651,475
Premises	-	1,450,315	1,450,315	1,604,600
	<u>781,641</u>	<u>7,368,783</u>	<u>8,150,424</u>	<u>8,748,208</u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

7. EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2011 £	Depreciation 2011 £	Other costs 2011 £	Total 2011 £	Total 2010 £
Teaching and support costs	4,913,609	25,431	524,476	5,463,516	5,492,133
Welfare	878,874	-	357,719	1,236,593	1,651,475
Premises	188,997	311,953	949,365	1,450,315	1,604,600
	<u>5,981,480</u>	<u>337,384</u>	<u>1,831,560</u>	<u>8,150,424</u>	<u>8,748,208</u>

Included within staff costs for 2011 is an exceptional gain of £706,000 relating to The Royal County of Berkshire Pension Scheme. The Government has announced that it plans to increase future pensions in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). The pension scheme's actuaries have accounted for the effect of this change by recognising a past service gain during the year of £706,000. This amount has been included in other pension costs within staff costs.

Included within staff costs for 2011 are exceptional costs of £182,000 (2010: £7,000) relating to The Royal County of Berkshire Pension Scheme. These costs represent the current service cost less employer contributions during the year as shown in Note 25. These costs have been included in other pension costs within staff costs.

8. OTHER RESOURCES EXPENDED

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Pension scheme fund net return on assets	-	130,000	130,000	103,000
	<u>-</u>	<u>130,000</u>	<u>130,000</u>	<u>103,000</u>

9. SUPPORT COSTS (INCLUDED IN TEACHING COSTS IN NOTE 7)

	Total 2011 £	Total 2010 £
Other costs	273,351	364,410
Staff costs	432,304	500,076
Depreciation	8,477	8,622
	<u>714,132</u>	<u>873,108</u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2011 £	Depreciation 2011 £	Other costs 2011 £	Total 2011 £	Total 2010 £
Costs of generating voluntary income	85,697	1,695	19,077	106,469	74,581
Costs of trading subsidiary	81,353	1,826	209,279	292,458	285,747
<b>Costs of generating funds</b>	<b>167,050</b>	<b>3,521</b>	<b>228,356</b>	<b>398,927</b>	<b>360,328</b>
Teaching and support costs	4,913,609	25,431	524,476	5,463,516	5,492,133
Welfare	878,874	-	357,719	1,236,593	1,651,475
Premises	188,997	311,953	949,365	1,450,315	1,604,600
<b>Charitable activities</b>	<b>5,981,480</b>	<b>337,384</b>	<b>1,831,560</b>	<b>8,150,424</b>	<b>8,748,208</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>27,411</b>	<b>27,411</b>	<b>31,799</b>
<b>Other resources expended</b>	<b>-</b>	<b>-</b>	<b>130,000</b>	<b>130,000</b>	<b>103,000</b>
	<b>6,148,530</b>	<b>340,905</b>	<b>2,217,327</b>	<b>8,706,762</b>	<b>9,243,335</b>

11. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets: - owned by the group	340,905	347,177
Directors' remuneration excluding pension contributions	84,472	133,342
Directors' remuneration pension contributions	4,635	15,784
Hire of equipment	13,641	20,056
Auditors' remuneration for audit	12,500	12,500
Auditors' remuneration for specialist VAT and tax work	-	340
Auditors' remuneration for other services	8,500	8,500

1 director was accruing benefit under a defined benefit pension scheme (2010: 1).

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

12. STAFF COSTS

Staff costs were as follows:

	2011	2010
	£	£
Wages and salaries	5,597,302	5,439,432
Social security costs	418,203	405,369
Other pension costs (Note 25)	133,025	640,823
	<u>6,148,530</u>	<u>6,485,624</u>

The average monthly number of full-time employees during the year was as follows:

	2011	2010
	No.	No.
Teaching staff	48	48
Care staff	24	26
Teaching support	25	20
Management and administration	16	15
Catering, cleaning and maintenance	35	35
Burwood centre for childhood deafness	1	1
Arlington Arts Centre	4	4
	<u>153</u>	<u>149</u>

The number of higher paid employees was:

	2011	2010
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £80,001 - £90,000	2	0
In the band £100,001 - £110,000	0	1
In the band £120,001 - £130,000	1	0
In the band £130,001 - £140,000	0	1
	<u>4</u>	<u>4</u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

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

	2011	2010
	£	£
Teaching staff	19	22
Care staff	21	17
Teaching support	15	15
Management and administration	10	6
Catering, cleaning and maintenance	7	8
Total	<u>72</u>	<u>68</u>

With the exception of the Chief Executive Officer neither the Governors nor persons connected with them received any remuneration or other benefits during the period other than the reimbursement of travel expenses incurred. Total reimbursements during the period were £1,539 (2010: £734) in respect of five trustees (2010: two trustees). All other trustees incurred expenses without reimbursement.

The four (2010: four) employees receiving a salary above £60,000 this year are also accruing benefits either under a defined contribution or a defined benefit scheme (Teachers' Pension Scheme and The Royal County of Berkshire Pension Scheme). The contributions in the year amounted to £43,726 (2010: £50,325).

### 13. PARENT COMPANY RESULTS

The parent company has taken advantage of Section 408 Companies Act 2006 in not preparing its own Statement of Financial Activities.

The net surplus of the parent company was £1,573,928 (2010: £2,339,076 deficit).

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

14. TANGIBLE FIXED ASSETS

Group	Freehold property £	Motor vehicles £	Furniture, fittings and equipment £	Tractors and mechanical implements £	Total £
<b>Cost</b>					
At 11 July 2010	10,053,383	143,484	2,794,760	66,733	13,058,360
Additions	-	9,500	82,865	-	92,365
Disposals	(7,966)	(21,000)	-	-	(28,966)
At 10 July 2011	10,045,417	131,984	2,877,625	66,733	13,121,759
<b>Depreciation</b>					
At 11 July 2010	2,099,111	96,157	2,055,751	43,826	4,294,845
Charge for the year	200,908	14,909	117,607	7,481	340,905
On disposals	-	(19,499)	-	-	(19,499)
At 10 July 2011	2,300,019	91,567	2,173,358	51,307	4,616,251
<b>Net book value</b>					
At 10 July 2011	7,745,398	40,417	704,267	15,426	8,505,508
At 10 July 2010	7,954,272	47,327	739,009	22,907	8,763,515

Company	Freehold property £	Motor vehicles £	Furniture, fittings and equipment £	Tractors and mechanical implements £	Total £
<b>Cost</b>					
At 11 July 2010	10,053,383	143,484	2,756,046	66,733	13,019,646
Additions	-	9,500	82,865	-	92,365
Disposals	(7,966)	(21,000)	-	-	(28,966)
At 10 July 2011	10,045,417	131,984	2,838,911	66,733	13,083,045
<b>Depreciation</b>					
At 11 July 2010	2,099,111	96,157	2,026,170	43,826	4,265,264
Charge for the year	200,908	14,909	115,781	7,481	339,079
On disposals	-	(19,499)	-	-	(19,499)
At 10 July 2011	2,300,019	91,567	2,141,951	51,307	4,584,844
<b>Net book value</b>					
At 10 July 2011	7,745,398	40,417	696,960	15,426	8,498,201
At 10 July 2010	7,954,272	47,327	729,876	22,907	8,754,382

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

15. FIXED ASSET INVESTMENTS

Group	Investments in joint ventures £	Investments £	Total £
At 11 July 2010	13,315	26,868	40,183
Movement	(1,342)	-	(1,342)
At 10 July 2011	<u>11,973</u>	<u>26,868</u>	<u>38,841</u>

Group investments comprise:

	2011 £	2010 £
Investments	26,868	26,868
Share of net assets of joint venture companies	11,973	13,315
	<u>38,841</u>	<u>40,183</u>

All the fixed asset investments are held in the UK.

	Investments £
At 11 July 2010 and 10 July 2011	<u>25,002</u>

Company investments comprise:

	2011 £	2010 £
Subsidiary and joint venture companies	25,002	25,002
	<u>25,002</u>	<u>25,002</u>

All the fixed asset investments are held in the UK.

Of the above, £2 (2010: £2) is an investment in the subsidiary company and £25,000 (2010: £25,000) is investments in joint venture companies.

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

15. FIXED ASSET INVESTMENTS (continued)

The company's subsidiary company investment comprises a 100% investment in Mary Hare Services Limited, a subsidiary which is used to carrying out trading activities. Its taxable profits are donated to Mary Hare under Gift Aid.

Trading results extracted from its audited financial statements are as follows:

	2011 £	2010 £
Turnover	461,428	445,975
Interest received	263	232
Management charges	29,817	21,000
	<hr/> 491,508	<hr/> 467,207
Cost of sales	275,341	280,195
Administration costs	92,852	87,862
	<hr/> 368,193	<hr/> 368,057
Management charge	42,000	42,000
	<hr/> 410,193	<hr/> 410,057
Net profit before Gift Aid	81,315	57,150
Amount donated under Gift Aid to Mary Hare	34,372	57,150
Amount retained	46,943	-

The group's investment represents legal and professional fees paid by Mary Hare Services Limited incurred in the set up of one of its joint venture entities, Mary Hare Hearing Centres LLP.

The group's joint venture company investment comprises:

- The company's 50% equity investment in Arlington Laboratories Limited, a company incorporated in England and Wales
- The subsidiary's investments in the Hearing Aid Repair Shop (UK) Ltd, Mary Hare Total Hearing Solutions Ltd and Mary Hare Hearing Centres LLP. All are incorporated in England and Wales

**Joint Venture companies**

	2011 £	2010 £
Share of fixed assets	58,164	65,358
Share of current assets	341,315	327,390
Share of liabilities due within one year	(387,506)	(379,433)
	<hr/> 11,973	<hr/> 13,315
Total	<hr/> <hr/> 11,973	<hr/> <hr/> 13,315

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

16. STOCKS

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Fuel	12,250	24,368	12,250	24,368
Other consumables	33,075	31,768	25,146	24,070
	<b>45,325</b>	<b>56,136</b>	<b>37,396</b>	<b>48,438</b>

17. DEBTORS

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Outstanding fees and disbursements	1,738,698	1,712,168	1,735,373	1,712,168
Amount due from subsidiary	-	-	120,702	190,046
Other debtors	522,471	310,813	297,322	285,606
Prepayments and accrued income	109,177	113,681	109,177	113,681
	<b>2,370,346</b>	<b>2,136,662</b>	<b>2,262,574</b>	<b>2,301,501</b>

Outstanding fees and disbursements

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Outstanding fees	1,705,386	1,691,185	1,705,386	1,691,185
Outstanding disbursements	33,312	20,983	29,987	20,983
Total	<b>1,738,698</b>	<b>1,712,168</b>	<b>1,735,373</b>	<b>1,712,168</b>

18. CREDITORS:

Amounts falling due within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	141,412	159,749	126,513	118,602
Social security and other taxes	243,860	206,008	182,766	177,028
Other creditors	257,055	267,682	255,609	254,290
Deferred income	1,745,730	1,859,703	1,529,303	1,724,844
	<b>2,388,057</b>	<b>2,493,142</b>	<b>2,094,191</b>	<b>2,274,764</b>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

Deferred income

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Deferred income brought forward	1,859,703	299,189	1,724,844	178,486
Released in the year	(1,859,703)	(299,189)	(1,724,844)	(178,486)
Income deferred in year	1,745,730	1,859,703	1,529,303	1,724,844
Deferred income carried forward	<u>1,745,730</u>	<u>1,859,703</u>	<u>1,529,303</u>	<u>1,724,844</u>

Deferred income arising in the current period

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
School fees	1,322,976	1,535,226	1,322,976	1,535,226
Vacational studies income	164,804	97,892	-	-
Deposits for weddings booked	36,586	32,780	-	-
Other deferred income	221,364	193,805	206,327	189,618
Total	<u>1,745,730</u>	<u>1,859,703</u>	<u>1,529,303</u>	<u>1,724,844</u>

Deferred income relates to deposits or receipts for services to be provided after the year end, together with grants deferred to a future period.

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Art and design centre	244,636	-	-	(6,435)	-	238,201
Sixth form centre fund	996,580	-	-	(27,682)	-	968,898
Property grants fund	796,175	-	-	(22,694)	-	773,481
	<u>2,037,391</u>	<u>-</u>	<u>-</u>	<u>(56,811)</u>	<u>-</u>	<u>1,980,580</u>
<b>General funds</b>						
General Funds - all funds	4,360,627	8,484,191	(8,319,121)	114,628	-	4,640,325
Pension deficit	(3,367,000)	-	394,000	-	1,323,000	(1,650,000)
	<u>993,627</u>	<u>8,484,191</u>	<u>(7,925,121)</u>	<u>114,628</u>	<u>1,323,000</u>	<u>2,990,325</u>
Total Unrestricted funds	<u>3,031,018</u>	<u>8,484,191</u>	<u>(7,925,121)</u>	<u>57,817</u>	<u>1,323,000</u>	<u>4,970,905</u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

19. STATEMENT OF FUNDS (continued)

Restricted funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Burwood centre for childhood deafness	76,108	-	-	(6,602)	-	69,506
Arlington Arts Centre - car park	40,455	-	-	(2,004)	-	38,451
Arlington Arts Centre - DfE	224,804	-	-	(4,995)	-	219,809
- Foundation	1,627,441	-	-	(33,423)	-	1,594,018
- The Big Lottery Fund	190,200	-	-	(4,200)	-	186,000
- Nordoff Robbins	126,000	-	-	(2,800)	-	123,200
- School standards grant	52,000	48,000	(52,000)	-	-	48,000
- Devolved formula capital	64,917	58,000	(49,671)	(1,143)	-	72,103
- Training School grant	50,853	51,250	(95,853)	-	-	6,250
- Specialist Special School Grant	214,449	97,245	(296,694)	-	-	15,000
lone Adams Bursary	-	30,000	-	-	-	30,000
Other amounts	136,437	234,792	(287,423)	(2,650)	-	81,156
	<u>2,803,664</u>	<u>519,287</u>	<u>(781,641)</u>	<u>(57,817)</u>	<u>-</u>	<u>2,483,493</u>
Total of funds	<u>5,834,682</u>	<u>9,003,478</u>	<u>(8,706,762)</u>	<u>-</u>	<u>1,323,000</u>	<u>7,454,398</u>

**Burwood centre for childhood deafness**

Mary Hare operates the Burwood centre for childhood deafness, a facility which assesses the level of deafness in young children, while ensuring it maintains its professional independence. The centre exists on donations and invoiced services provided. Any deficit in annual running costs is funded from unrestricted reserves.

**Arts and design centre**

This represents donations received towards the art and design centre. The classification of restricted funds was reviewed during the prior year and it was considered that the restriction had been discharged and the fund was reclassified as a designated fund within unrestricted funds.

**Sixth form centre fund**

This represents donations received towards the sixth form centre. The classification of restricted funds was reviewed during the prior year and it was considered that the restriction had been discharged and the fund was reclassified as a designated fund within unrestricted funds.

**Property grants fund**

Mary Hare has received various grants towards property expenditure. The classification of restricted funds was reviewed during the prior year and it was considered that the restriction had been discharged and the fund was reclassified as a designated fund within unrestricted funds.

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

19. STATEMENT OF FUNDS (continued)

**DfE computers**

Computer equipment for senior teachers purchased in previous periods from monies received from the Department for Education. A transfer is made from restricted to unrestricted funds in respect of depreciation on equipment funded by the grant.

**Arlington Arts Centre**

This represents donations received towards the Arlington Arts Centre. A transfer will be made from restricted to unrestricted funds over the useful economic life of the Centre.

Various other revenue grants and donations have been received during the year.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	2,037,391	-	-	(56,811)	-	1,980,580
General funds	993,627	8,484,191	(7,925,121)	114,628	1,323,000	2,990,325
	<u>3,031,018</u>	<u>8,484,191</u>	<u>(7,925,121)</u>	<u>57,817</u>	<u>1,323,000</u>	<u>4,970,905</u>
Restricted funds	2,803,664	519,287	(781,641)	(57,817)	-	2,483,493
	<u>5,834,682</u>	<u>9,003,478</u>	<u>(8,706,762)</u>	<u>-</u>	<u>1,323,000</u>	<u>7,454,398</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Tangible fixed assets	2,260,187	6,245,321	8,505,508	8,763,515
Fixed asset investments	-	38,841	38,841	40,183
Current assets	223,306	2,724,800	2,948,106	2,891,126
Creditors due within one year	-	(2,388,057)	(2,388,057)	(2,493,142)
Defined benefit pension scheme funding deficit	-	(1,650,000)	(1,650,000)	(3,367,000)
	<u>2,483,493</u>	<u>4,970,905</u>	<u>7,454,398</u>	<u>5,834,682</u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

Group	Tangible fixed assets £	Investments £	Other assets (liabilities) £	2011 £	2010 £
<b>Restricted funds</b>					
Burwood centre for childhood deafness	69,506	-	-	69,506	76,108
Arlington Arts Centre car park	38,451	-	-	38,451	40,455
Arlington Arts Centre other costs	2,123,027	-	-	2,123,027	2,168,445
<b>DfE grants</b>					
School Standards grant	-	-	48,000	48,000	52,000
Devolved Formula Capital	14,103	-	58,000	72,103	64,917
<b>Other funds</b>					
Training School grant	-	-	6,250	6,250	50,853
Specialist Special School Grant	-	-	15,000	15,000	214,449
Ione Adams fund	-	-	30,000	30,000	-
Other amounts	15,100	-	66,056	81,156	30,024
Sub total	<u>2,260,187</u>	<u>-</u>	<u>223,306</u>	<u>2,483,493</u>	<u>2,803,664</u>
Unrestricted funds	<u>6,245,321</u>	<u>38,841</u>	<u>(1,313,257)</u>	<u>4,970,905</u>	<u>3,031,018</u>
Total	<u><u>8,505,508</u></u>	<u><u>38,841</u></u>	<u><u>(1,089,951)</u></u>	<u><u>7,454,398</u></u>	<u><u>5,834,682</u></u>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

Company

	Tangible fixed assets £	Investments £	Other assets (liabilities) £	2011 £	2010 £
<b>Restricted funds</b>					
Burwood centre for childhood deafness	69,506	-	-	69,506	76,108
Arlington Arts Centre car park	38,451	-	-	38,451	40,455
Arlington Arts Centre other costs	2,123,027	-	-	2,123,027	2,168,445
<b>DfE grants</b>					
School Standards grant	-	-	48,000	48,000	52,000
Devolved Formula Capital	14,103	-	58,000	72,103	64,917
<b>Other funds</b>					
Training School grant	-	-	6,250	6,250	50,853
Specialist Special School Grant	-	-	15,000	15,000	214,449
Ione Adams fund	-	-	30,000	30,000	-
Other amounts	15,100	-	66,056	81,156	136,437
<b>Sub total</b>	<b>2,260,187</b>	<b>-</b>	<b>223,306</b>	<b>2,483,493</b>	<b>2,803,664</b>
<b>Unrestricted funds</b>	<b>6,238,014</b>	<b>25,002</b>	<b>(1,212,448)</b>	<b>5,050,568</b>	<b>3,156,469</b>
<b>Total</b>	<b>8,498,201</b>	<b>25,002</b>	<b>(989,142)</b>	<b>7,534,061</b>	<b>5,960,133</b>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Net incoming resources before revaluations	296,716	(532,314)
Returns on investments and servicing of finance	4,560	4,990
Depreciation of tangible fixed assets	340,905	347,177
Profit on disposal of tangible fixed assets	(484)	-
Decrease/(increase) in stocks	10,811	(12,298)
Increase in debtors	(233,684)	(1,430,237)
(Decrease)/increase in creditors	(105,085)	1,775,497
(Increase)/decrease in intercompany balances with joint ventures	(36,000)	(52,130)
Contributions from joint ventures	296,414	297,000
Joint venture profit	(259,076)	(153,765)
Movement in pension deficit valuation	(1,717,000)	2,020,000
Pension scheme actuarial gain/(loss)	1,323,000	(1,910,000)
<b>Net cash (outflow)/inflow from operations</b>	<b>(78,923)</b>	<b>353,920</b>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,223	2,675
Interest paid	(7,783)	(7,665)
	<u>          </u>	<u>          </u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(4,560)</b>	<b>(4,990)</b>
	<u>          </u>	<u>          </u>
	2011 £	2010 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(92,365)	(315,692)
Sale of tangible fixed assets	9,955	-
	<u>          </u>	<u>          </u>
<b>Net cash outflow capital expenditure</b>	<b>(82,410)</b>	<b>(315,692)</b>
	<u>          </u>	<u>          </u>

23. ANALYSIS OF CHANGES IN NET DEBT

	11 July 2010 £	Cash flow £	Other non-cash changes £	10 July 2011 £
Cash at bank and in hand:	698,328	(165,893)	-	532,435
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net funds</b>	<b>698,328</b>	<b>(165,893)</b>	<b>-</b>	<b>532,435</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

24. FUTURE COMMITMENTS / CONTINGENT LIABILITIES

The company has no capital commitments at the year end (2010: £nil).

Grants received from the DfE are repayable if certain conditions are not met. The Governors consider that the likelihood of repayment is remote.

25. PENSION COSTS

The company participates in the Teachers' Pension Scheme (TPS) and the Royal County of Berkshire Pension Scheme (RCBPS). The company makes contributions to both in accordance with recommended rates. These are both defined benefit schemes. In 2011 the cost of pension contributions was £657,025 (2010: £633,823) including £370,808 (2010: £372,146) to the TPS and £286,217 (2010: £261,677) to the RCBPS. The schemes are accounted for differently as the assets and liabilities of the RCBPS scheme can be separately identified as belonging to Mary Hare. This is not the case for the TPS scheme and only summary information for the scheme as a whole is provided.

## MARY HARE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 10 JULY 2011

#### The Teachers' Pension Scheme

The TPS is assessed every four years in accordance with the advice of the Government Actuary using a prospective benefits valuation method. The latest valuation of the scheme was as at 31 March 2004.

The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of assets (estimated future contributions together with the proceeds from notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

The current contribution is 20.5% of salaries. Of this standard contribution, 6.4% is payable by employees. Employers' contributions are 14.1% of salaries.

#### The Royal County of Berkshire Pension Scheme

The last formal valuation on the assets and liabilities of the whole scheme was performed on 31 March 2010 and updated to 31 March 2011, identifying specific assets and liabilities relating to Mary Hare, by a qualified independent actuary. The Governors have requested actuarial information as at 10 July 2011 but the scheme has been unable to provide this. Therefore the information detailed below is as at 31 March 2011. The major assumptions used by the actuary were:

	At 31 March 2011	At 31 March 2010	At 31 March 2009
Rate of increase in salaries	4.8%	5.4%	4.5%
Rate of increase in pensions in payment	2.7%	3.9%	3.0%
Discount rate	5.5%	5.5%	6.7%
RPI Increases	3.5%	3.9%	3.6%
CPI Increases	2.7%	n/a	n/a

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

The assets in the scheme and the expected rate of return were:

	Long Term Return at 31 March 2011 % p.a	Assets at 31 March 2011 £'000	Long Term Return at 31 March 2010 % p.a	Assets at 31 March 2010 £'000	Long Term Return at 31 March 2009 % p.a	Assets at 31 March 2009 £'000
Equities	7.8	1,473	7.9	1,846	7.4	1,863
Gilts	-	-	4.5	-	4.0	285
Other bonds	5.5	1,283	5.5	1,216	6.5	438
Property	5.9	380	6.0	294	5.5	324
Cash	3.0	238	3.0	84	3.0	90
Alternative assets	5.0	1,378	5.0	755	-	-
<b>Total fair value of scheme assets</b>	<b>6.0</b>	<b>4,752</b>	<b>6.5</b>	<b>4,195</b>	<b>6.7</b>	<b>3,000</b>
Present value of scheme liabilities		(6,402)		(7,562)		(4,347)
<b>Net pension liability</b>		<b>(1,650)</b>		<b>(3,367)</b>		<b>(1,347)</b>

	2011 £	2010 £
Service cost	462,000	266,000
Expected return on employer assets	(280,000)	(194,000)
Interest on pension scheme liabilities	410,000	297,000
Past service gain	(706,000)	-
<b>Net (gain) / cost</b>	<b>(114,000)</b>	<b>369,000</b>
Actual return less expected return on pension assets	106,000	823,000
Changes in financial assumptions underlying present value of scheme liabilities	1,217,000	(2,733,000)
<b>Total</b>	<b>1,323,000</b>	<b>(1,910,000)</b>

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

	2011 £	2010 £
Deficit at start of year	(3,367,000)	(1,347,000)
Current service cost	(462,000)	(266,000)
Past service gain	706,000	-
Employer contributions	280,000	259,000
Net return on assets	(130,000)	(103,000)
Actuarial (loss)/gain	1,323,000	(1,910,000)
	<u>(1,650,000)</u>	<u>(3,367,000)</u>

History of experience gains and losses

	Year to 31 March 2011	Year to 31 March 2010
Difference between the expected and actual return on assets	106,000	823,000
Value of assets	4,752,000	4,195,000
Percentage of assets	2.2%	19.6%
Present value of liabilities	6,402,000	7,562,000
Percentage of the present value of liabilities	2.1%	0.0%
Actuarial gain/(loss) recognised in SOFA	1,323,000	(1,910,000)

26. OPERATING LEASE COMMITMENTS

At 10 July 2011 the Group and company had annual commitments under non-cancellable operating leases as follows:

	2011 £	2010 £
<b>Group and company</b>		
<b>Expiry date:</b>		
Within 1 year	12,862	4,885
Between 2 and 5 years	10,108	8,756
	<u>22,970</u>	<u>13,641</u>

27. MARY HARE FOUNDATION

As noted in the Report of the Board of Governors, Mary Hare is associated with the Mary Hare Foundation, a charitable trust (Registration No. 1002680). The purpose of the Mary Hare Foundation is to raise significant funding for major capital and other projects undertaken by Mary Hare.

The Foundation financial statements are made up to 31 July. Its net assets at 31 July 2011 were £1,102,617 (2010: £1,012,930). Total funds before donations of £182,847 (2010: £502,220) were raised in the year to 31 July 2011. Mary Hare bears the administration costs of the Foundation. In the year to 10 July 2011 total costs were £70,158 (2010: £69,602). Further details of the Foundation can be obtained from Arlington Manor, Snelsmore Common, Newbury.

During the year the Foundation has donated funds of £69,221 (2010: £nil) to Mary Hare.

MARY HARE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 10 JULY 2011

28. ARLINGTON LABORATORIES LIMITED

Mary Hare has a 50% interest in this company. The investment takes the form of issued share capital of £25,000. The company manufactures and sells earmoulds on a commercial basis, mainly supplying NHS Trusts.

Arlington Laboratories Limited was incorporated on 5 February 1997. It prepares accounts to 31 December. The information provided in respect of Mary Hare's share of retained profit, assets and liabilities is drawn from the statutory accounts for the year ended 31 December 2010 and management accounts for the period 1 January 2011 to 30 June 2011.

During the year Mary Hare received £30,414 rent (2010: £14,000), £15,000 (2010: £10,000) as a management charge and a Gift aid donation of £230,000 (2010: £252,000) from Arlington Laboratories.

## MARY HARE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 10 JULY 2011

#### 29. SUBSIDIARY JOINT VENTURE INVESTMENTS

Mary Hare Services Ltd has investments in three other entities. Two are incorporated as limited companies in England and Wales, the Hearing Aid Repair Shop (UK) Ltd and Mary Hare Total Hearing Solutions Ltd. During the year ended 10 July 2008 a limited liability partnership venture was set up, Mary Hare Hearing Centres LLP. All are jointly managed and controlled by Mary Hare Services Ltd and a third party, with the risks and rewards of ownership split equally between these two parties. Therefore, in accordance with relevant accounting standards all have been treated as 50% joint ventures of Mary Hare Services Ltd.

##### **The Hearing Aid Repair Shop (UK) Ltd**

Mary Hare Services Ltd has a 50% interest in this company by way of owning issued share capital of £1. The Hearing Aid Repair Shop (UK) Ltd was incorporated on 5 January 2001 with its principal activity being the repair of hearing aids. It prepares accounts to 31 December. The information provided in respect of Mary Hare Service Ltd's share of retained profit, assets and liabilities is drawn from the statutory accounts for the year ended 31 December 2010 and management information for the period 1 January 2011 to 30 June 2011.

Mary Hare Services Ltd also has an interest by way of a loan of £50,000 made to the company. Full provision has been made against the loan in previous years.

##### **Mary Hare Total Hearing Solutions Ltd**

During the year ended 10 July 2008 the company transferred all assets and liabilities to the new joint venture partnership, Mary Hare Hearing Centres LLP, and is now dormant.

##### **Mary Hare Hearing Centres LLP**

Mary Hare Hearing Centres LLP commenced trading on 1 January 2008 with its principal activity being the assessment of hearing and provision of aids for the hearing impaired. It prepares accounts to 31 December. The information provided in respect of Mary Hare Service Ltd's share of retained profit, assets and liabilities is drawn from the statutory accounts for the year ended 31 December 2010 and management information for the period 1 January 2011 to 30 June 2011.

Mary Hare Services Ltd has an interest in Mary Hare Hearing Centres LLP by way of a loan of £123,067 net of a £165,000 provision.

MARY HARE

COMPANY STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 10 JULY 2011

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
<b>INCOMING RESOURCES</b>				
Incoming resources from generated funds:				
Donations and grants	519,287	326,832	846,119	914,226
Activities for generating funds:				
Investment income	-	2,960	2,960	2,675
Incoming resources from charitable activities	-	7,702,428	7,702,428	7,499,777
Other incoming resources	-	113,725	113,725	111,834
<b>TOTAL INCOMING RESOURCES</b>	<b>519,287</b>	<b>8,145,945</b>	<b>8,665,232</b>	<b>8,528,512</b>
<b>RESOURCES EXPENDED</b>				
Costs of generating funds:				
Costs of generating voluntary income	-	106,469	106,469	74,581
Charitable activities	781,641	7,892,783	8,674,424	8,741,208
-Exceptional item – pension scheme costs	-	182,000	182,000	7,000
Governance costs	-	27,411	27,411	31,799
Other resources expended	-	130,000	130,000	103,000
<b>TOTAL RESOURCES EXPENDED</b>	<b>781,641</b>	<b>8,338,663</b>	<b>9,120,304</b>	<b>8,957,588</b>
<b>NET RESOURCES EXPENDED BEFORE TRANSFERS</b>	<b>(262,354)</b>	<b>(192,718)</b>	<b>(455,072)</b>	<b>(429,076)</b>
Transfers between funds	(57,817)	57,817	-	-
<b>NET RESOURCES EXPENDED BEFORE OTHER RECOGNISED GAINS/(LOSSES)</b>	<b>(320,171)</b>	<b>(134,901)</b>	<b>(455,072)</b>	<b>(429,076)</b>
Actuarial gains and losses on defined benefit pension schemes	-	1,323,000	1,323,000	(1,910,000)
Exceptional item – past service gain	-	706,000	706,000	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>	<b>(320,171)</b>	<b>1,894,099</b>	<b>1,573,928</b>	<b>(2,339,076)</b>
Total funds at 11 July 2010	2,803,664	3,156,469	5,960,133	8,299,209
<b>TOTAL FUNDS AT 10 JULY 2011</b>	<b>2,483,493</b>	<b>5,050,568</b>	<b>7,534,061</b>	<b>5,960,133</b>