

COMPANY NUMBER: 01961978

CHARITY NUMBER: 293360

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2019

ST EDWARD'S SCHOOL CHELTENHAM TRUST

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ST EDWARD'S SCHOOL CHELTENHAM TRUST

LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2019

TRUSTEES

The Trustees who served the charity during the period were as follows:

Dr S Honeywill (Chair of Trustees)
Mr A Newland (Deputy Chair)
Mrs C Findlay
Mr P Goatley (retired 29 November 2018)
Mrs G Greenwell
Mr R McGrath
Mr P Potts
Mrs J Jones
Mrs J Penny (appointed 15 May 2019)

CLERK TO THE TRUSTEES

Z Drew

OFFICERS

Mrs J P Clayfield (Head of Senior School)
Mr S McKernan (Head of Preparatory School)
Mr M L Coles (Bursar)

COMPANY NUMBER

01961978

CHARITY NUMBER

293360

REGISTERED AND PRINCIPLE OFFICE Cirencester Road
Charlton Kings
Cheltenham
GL53 8EY

INDEPENDENT AUDITOR

Crowe UK LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

BANKER

HSBC PLC
109 Bath Road
Cheltenham
GL53 7RA

SOLICITOR

Knights PLC
Festival House
Jessop Avenue
Cheltenham
Gloucestershire
GL50 3SH

ST EDWARD'S SCHOOL CHELTENHAM TRUST

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2019

DIRECTORS' REPORT

CONSTITUTION AND OBJECTS

St Edward's School Cheltenham Trust was founded in 1987. It is a company limited by guarantee (number 01961978); a charity registered with the Charity Commission (number 293360) and is regulated by its Memorandum and Articles of Association dated 5 December 2012 and 3 December 2014, with amendments on 1st April 2016, 10th November 2016.

The Trustees of St Edward's School Cheltenham Trust ("The Trust") present their annual report and audited accounts for the year ended 31 August 2019 and confirm they comply with the requirements of the Charities Act 2011, the trust deed and the Charities SORP (FRS 102).

The Trust's Objects and principal activities, as set out in the Memorandum of Association, are to promote and provide for such charitable works whosoever and whatsoever as to advance the Roman Catholic religion, and, in particular but without prejudice to the generality of the foregoing to acquire, provide, conduct and develop an independent Roman Catholic School or Schools for the advancement of the education of children of any creed (with preference to children of the Roman Catholic faith) PROVIDED THAT in the memorandum the expression "Roman Catholic" shall indicate communion with the "See of Rome".

In furtherance to these Objects for the public benefit the Trust, which operates two schools (one Senior and one Preparatory) known collectively as St Edward's Cheltenham, has established and administers bursaries, grants, awards and other benefactions, and acts as the Trustee and manager of property, endowments, bequests and gifts given or established in pursuance of these Objects.

AIMS AND OBJECTIVES

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's public benefit guidance.

Aims

The Trust's aims for the public benefit are:

- to provide a first class independent education within a Christian ethos. St Edward's is a Roman Catholic foundation and warmly welcomes students of other denominations and creeds or none who are willing to support the Christian ethos of the Schools;
- to offer pupils a range of opportunities so that they can achieve to the best of their ability within a framework of shared values and standards;
- to value and nurture pupils as individuals, giving them a sense of their own self-worth and of the value of service to others, thus preparing them for life beyond school; and
- to establish the Schools as a community in which there are strong and active partnerships between parents and the Schools and between the local community and the Schools.

The Board is mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011.

Primary Objectives

The primary objectives of the Trust to fulfil these aims are:

1. to maintain the aspiration of high standards in academic performance and extra-curricular activities whilst preserving a healthy balance between the two;

ST EDWARD'S SCHOOL CHELTENHAM TRUST

ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

2. to widen access to the education provided by the Trust through the provision of financial support for children whose parents are unable to afford the full fees and also through a range of projects and activities in the local community;
3. to provide appropriate teaching resources throughout the Schools;
4. to provide an effective management structure and the administrative and logistic framework necessary to meet the needs of staff and pupils alike;
5. to provide an environment which promotes and develops independent learning and supports pupils in the achievement of their individual potential.

The primary objectives are reviewed regularly and their success is measured through regular reporting to Trustees by the Senior Management Team.

GOVERNANCE AND MANAGEMENT

There is one Board of Trustees for the two Schools. Details of the members of the Board of Trustees, together with officers and principal advisers, are given on page one.

There were eight members of the Board of Trustees at the year-end. The numbers in brackets refer to the sub-committees which each Trustee is a member of as explained below.

Dr S Honeywill (1,2,3,4)

Mr A Newland (1,3, Chair of Health and Safety committee)

Mr P Potts (2, Chair of Land and Premises committee)

Mrs C Findlay (1)

Mrs G Greenwell (1, Chair of Finance and General Purposes committee)

Mr R McGrath

Mrs J Jones

Mrs J Penny

Fr P O'Keeffe O Carm. Ex-Officio

The following Trustees' sub-committees met during the year:

1. Finance and General Purposes committee
2. Land and Premises committee
3. Health and Safety committee
4. Education and Ethos committee

The Trustees are legally responsible for the overall management and control of both Schools. They meet at least six times a year. The work of implementing the policies is delegated to the following committees:

- The Finance and General Purposes Committee (F&GPC) scrutinises the management accounts and forecasts throughout the year and makes recommendations to the Board about any capital expenditure. They recommend the audited financial statements and annual report for approval by the Trustees. They also oversee other matters such as the review of school fees, insurance, pay, marketing and staffing. The Finance Committee is chaired by Mrs Gill Greenwell.

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- The Health and Safety Committee oversees all matters relating to Health and Safety and Safeguarding. These include safeguarding policies, staff code of conduct, pupil behaviour, e-safety, information technology, data protection, cybersecurity and review of and implementation of recommendations from Health and Safety and Fire Safety audits. It is chaired by Mr Andrew Newland.
- The Education and Ethos Committee oversees all matters relating to the pastoral and academic issues across both schools, including provision for individual learning needs, able, gifted and talented students, those with English as an additional language and overseas students. The Committee also ensures that the Catholic Foundation of the Trust is reflected in the curriculum. The Education and Ethos Committee is chaired by Mrs Jane Jones.
- The Land and Premises committee provides oversight of the programme of maintenance work for the schools premises, accessibility arrangements for pupils and visitors and makes recommendations for capital expenditure on larger projects. The committee is chaired by Mr Paul Potts.

The day to day running of the Schools is delegated to the Heads and Bursar, supported by their Senior Management Teams and a Joint Management Committee. The Heads and Bursar attend board and committee meetings of the Trustees.

Recruitment and Training of Trustees

New Trustees are elected on the basis of nominations from the Trustees based on the candidates' professional qualities, experience, personal competence and local availability.

New Trustees undergo an induction programme that includes an introduction to the Schools including Trustee Board policy and procedure, briefing by both Heads and the Bursar and training from AGBIS (Association of Governing Bodies of Independent Schools). All Trustees attend external Trustee Training and information courses designed to keep them informed and updated on current issues in the independent schools' sector. Trustees visit both schools and take part in lessons, staff briefings and school events during the day and after school, weekdays and weekends and make themselves available to all staff. The Chair attends a weekly meeting with both Heads and Bursar during term time.

Employment policy

The Trust will endeavour to recruit the most suitable staff for any post to ensure the highest standards are maintained throughout the Schools, both teaching and support staff. Whilst reflecting its role as a Catholic school it also pursues policies as an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Communication with staff continues throughout the year with whole school INSET briefings three times a year and after school staff meetings.

Key Management Personnel

The Trustees consider that the Joint Management Committee (JMC) of The Trust comprise the Key Management Personnel. The JMC comprises of the Head Teacher of the Senior School, the Head Teacher of the Preparatory School, the Deputy Head Teachers of the Senior School, the Deputy Head and Assistant Head of the Preparatory School, the Bursar and the Director of Marketing & Admissions.

ST EDWARD'S SCHOOL CHELTENHAM TRUST

ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Trustees give their time freely and do not receive any remuneration. The pay and remuneration of the JMC is determined by the Finance and General Purposes Committee and is reviewed annually. A number of criteria are used in determining pay:

- The financial performance of the Trust against sector benchmarks
- The nature of the role and responsibilities
- The individual's performance
- Competitor salaries
- The sector average for comparable positions
- Inflation and the cost of living

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of St Edward's School Cheltenham Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They 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.

Insofar as each of the Trustees at the date of approval of this report is aware, there is no relevant audit information of which the Trust's auditor is unaware. Each of the Trustees have each taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

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ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

VISION STATEMENT

Believe.....Strive.....Achieve

St Edward's is a Catholic School, welcoming all. We are a place of learning and a community based on Christian values. We work in partnership with parents to develop the talents and interests of all the young people entrusted to us. We aim to develop each individual pupil's potential, academically, personally and spiritually. We serve the wider community by making this education available to all, including those who cannot afford our fees, as far as we are able within our resources.

Our Vision.....*what we Believe in*.....

Our vision is to help each pupil to realise they are truly unique and possess God-given gifts and talents which gives them unlimited potential. We wish to create an educational foundation whereby throughout their lives our pupils will always be ambitious for self-improvement and so develop beyond their perceived potential.

Our Vision.....*what we Strive for*.....

The Trust's vision is to:

- Provide excellent teaching, learning and pastoral care
- Provide a wealth of opportunities both curricular and extra-curricular
- Build a caring community based on Christian values
- Encourage pupils to be the best they can be so that we help them to develop their untapped potential

ACHIEVEMENTS AND PERFORMANCE

St Edward's Senior School

Excellent teaching comes from teachers who inspire, who ooze passion for their subject. We are fortunate to have a staff who do just this; they are like beacons all over the School.

As well as excellent teaching, for a child to succeed, there needs to be opportunities, of which there is an abundance here and you need people to encourage you to have a go and participate. People ready to support you when necessary and someone who is noticing how you are getting on; to pull you up when you are not working hard enough and someone who will praise you for trying your hardest. And finally to get the best from our pupils, learning needs to be fun. For that, the climate has to be right. There has to be a culture of respect formed by strong relationships. We have a very positive school environment here where all our pupils are onside. They know right from wrong. The staff here, without exception, help to draw out the best in our pupils and help them to develop those values, which are so important in life.

Our pupils are taught about empathy, compassion, self-awareness, being kind to others but we do not just teach them, we create the conditions, which allow pupils to practise these skills so they are learned. We want our pupils to feel connected and part of our community. To feel they exist; to be known, noticed and nurtured.

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This has been such a positive year. Our pupils have grown in maturity and character. They have achieved. They have impressed us and inspired us. Every day we discover something new.

Year 12 physicists performed very well in the Engineering Education Scheme in which they worked on a 6-month real-life project with an engineer from Ultra Electronics and were awarded Highly Commended on the assessment day at Bath University.

We achieved a resounding pass in an ISI Compliance Inspection in November 2018, which means all of our policies are robust and meet the Independent Schools Standards Regulations. And, the CCF enjoyed a very successful Biennial Inspection by Air Commodore Philip Lester. In the report he writes: *'I must congratulate the Cadets, the Contingent staff and the School SLT for a first class CCF Contingent. They have set a very high bar for themselves and are delivering success on a daily basis.'* *'A very strong and exceptionally well-led Contingent (by Lt Col Duggan and Staff Sgt Keylock) with a robust ethos and an extremely high level of morale and team spirit. Very high-end development opportunities are provided for the Cadets, and the Cadets are fully engaged with all that is on offer.'*

Parents choose St Edward's because they are ambitious for their children. They understand the true worth of a rounded education; they value the opportunities provided. Trips to Barcelona, a sports tour to Greece, Morfa Bay, Ski Trips, Rounders and Cricket tours, CCF field days, Art trips, Geography fieldtrips and then the fabulous opportunities from both the English and Drama departments which provide a rich and varied programme of theatre trips throughout the year and in all Year groups. Then there are the Clubs, STEM, Science, History, Tech, Debating, Art, Puzzle, Chess Club to mention a few. Then there are the festival visits and lectures; the list goes on. Imagine having the opportunity to do those things. Think of how much our pupils benefit.

We always get such positive feedback from members of the public about our pupils; comments on how they are polite and well-behaved.

The school year is bursting with events, which complement the academic curriculum. Every opportunity is a learning opportunity. House events, Quizzes, Competitions, World Book Day, Languages Day, House Day and Sports day, which galvanise the community – all create happy memories and strengthen relationships. Sports Day was fabulous this year despite the rather dreary weather. More competitors than ever, more parents present in support. School records broken and the staff and pupil relay fiercely contested.

SportStEdward's has had a fantastic year. More pupils engaged in Masterclasses and the department manages a huge number of teams. The department do a brilliant job. We have some very accomplished pupils. We know that through sport pupils learn teamwork, practise leadership skills, celebrate wins and learn from the losses. Regular participation brings together all these benefits and our inclusive approach makes sport accessible to everyone. How many schools can boast that?

The profile of Music increases yearly. The Carol Service at Tewkesbury Abbey was stunning. The Pump Room Music Spring Concert gets better each year. The number of pupil-led groups continues to grow. We had a Year 13 student conducting a combined choir of approaching 100 voices in the finale; including the staff choir.

Pupil progress in Drama was so evident in the School production of Comedy of Errors. Around 80 pupils from Year 7 to 13 had the opportunity to work collaboratively, to learn new skills. The magnificent Stage Crew, in total control of the technical side of things. A challenging play for the cast,

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ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

but they tackled it well and the enjoyment was visible in the quality of the acting and with more than the occasional ad lib! Whilst many people contribute to our Drama Productions, the commitment and creativity of the Director of Drama and the Producer, in particular, was exceptional; they did an outstanding job again!

It's hard to quantify the benefit of the extra-curricular programme. But we can evidence and attribute the immense success of the Duke of Edinburgh award scheme to the commitment of the candidates and the support of our Head of Outdoor Education who is central to this success. He chased and cajoled participants into completing their awards, so much so, that among the South West region we are a flagship school – a 'centre of excellence' were words used in the recent licensing review meeting. Our completion rate is the best in Gloucestershire again. We have an increasing number of participants at Bronze, Silver and Gold. This is a superb achievement.

It is easy to delight in achievements in the highly visible extracurricular activities and events. But of course, there is 'magic' which happens routinely each day in the classroom that goes unreported by our teenagers when they get home. They do plenty at School and they are so fortunate to have teachers who care about educating their minds and developing intellectual curiosity.

It has been a productive year. Our pupils develop into very lovely young people. They are formed in an environment in which they are known, noticed for who they are, and nurtured. We intend for our pupils to continue to believe, strive and achieve throughout the next academic year 2019-2020.

St Edward's Preparatory School

St Edward's Prep School continues to go from strength to strength in both its curriculum provision and growth in pupil numbers. Art, Drama, Music and Sport are particular strengths of the School with continued success in competitions and matches as well as well-attended, high quality performances of plays and concerts. The school choir including the boys' choir, have performed in numerous events such as the Spring Concert at the Pump Rooms, the Town Hall, St Mary's Church, and in Messiah at the Royal Albert Hall, not to mention performing consistently at the Cheltenham Literature Festival.

We continue to compete strongly on the sports field taking part in hundreds of fixtures in Rugby, Hockey, Football, Netball, Cricket and having great successes in swimming, with our pupils representing the School at regional and national level. Our ethos of inclusivity ensures all pupils experience representing the School in competitive fixtures. In addition, we have continued our tradition of hosting the County Cross-Country Championships, welcoming dozens of schools from both the maintained and independent sectors. In the summer term, local schools enjoyed the St Edward's Tennis Tournament, along with the annual Olympic Torch event. Coupled with weekly matches, we work with and host several hundred pupils and dozens of schools in the South West region.

We have successfully provided work experience opportunities to young adults wishing to enter the early years and teaching profession. The School has an excellent reputation for supporting local charitable initiatives throughout the year raising several thousands of pounds for Sue Ryder Leckhampton, Cheltenham Open Door, British Legion, CAFOD and Children in Need.

Our successful School Farm has hosted pupils from early years and a local maintained school for pupils with severe learning difficulties. Our Beekeeping initiative has produced prize winning honey and we will continue to develop this into a Junior Beekeeping Curriculum supported by the Gloucestershire

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Beekeeping Association. Our Forest Schools' programme continues to be successful and we have shared this resource with local schools in the area.

St Edward's Prep School continues to successfully compete in the local independent schools market and pupil numbers remain strong. We retain the reputation of high academic standards with a rich curriculum extended by over 40 extracurricular clubs. Pupils continue to be awarded academic scholarships to St Edward's Senior School and 11+ places at local selective schools.

Our last inspection in January 2017 was a compliance inspection in which we secured full regulatory compliance with no recommendations for improvement. Our Diocesan inspection judged us Outstanding. Our culture of continuous improvement means there is no room for complacency and high standards and expectations remain our daily focus.

The school has trained all its staff in Mental Health First Aid in line with our commitment to the Healthy Living Award received from Gloucestershire County Council. We continue to prepare pupils for the roles of ambassadors, house and sports captains, farm club members, charity ambassadors and pupil chaplains. Children benefit from the many opportunities for leadership and ongoing personal development that goes to the heart of our Christian ethos.

Some of our future development plans include:

1. expanding our Forest Schools initiative to become an Accredited Bushcraft School for pupils in Year 3-6
2. Enhance our Music facilities and peripatetic rooms
3. Redevelop our car parking facilities for parents
4. Extend our School Farm Project Kindergarten to Year 6 to include Alpacas, Goats, Mixed Poultry and Kune Kune Pigs

FUNDRAISING

Over the course of the year, the Trust ran around 30 different fundraising events across the two schools which raised a total of £8.5k for local and national charities. The Trust values the fundraising and awareness work it does for other charities and plans to continue its strong programme of support going forward.

The Trust did not use any professional fundraising partners in the year as all fundraising activities were small scale focusing on raising funds for other charities from the schools' communities. Neither the Trust nor anyone acting on behalf of the Trust has voluntarily subscribed to fundraising standards. No complaints were received in the year about any of the Trust's fundraising activities. The Trust ensures that vulnerable people and other members of the public are protected from behaviour which is unreasonably intrusive, persistent and pressured. The Trust does not consider this type of behaviour a high-risk area but will continue to monitor fundraising activities.

PUBLIC BENEFIT

St Edward's School remains committed to the aim of providing public benefit in accordance with its founding principles. The Trustees continue to consider the Charity Commission's general guidance on public benefit and confirm that they have complied with their duty in Section 17 of the Charities Act 2011.

ST EDWARD'S SCHOOL CHELTENHAM TRUST

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The Trust fulfils its obligations under this Act through the availability of bursaries and scholarships, the affordability of school fees and the availability of its facilities to community groups and State funded schools.

Bursaries and Scholarships

The value of means tested bursaries totalled £415k (£331k in 2018) and the value of scholarships totalled £672k (£590k in 2018) representing a combined 12% of gross fees (11.5% in 2018). A further £531k (£479k in 2018) from gross fees was awarded through staff, sibling and fees in advance discounts. A total of 40 children benefited from the Trust's means tested bursary scheme with 10 of these children in receipt of 100% bursaries as part of the Trust's School Assisted Place Scheme (SAPS) between Year 7 to Year 13. The Trust has expanded its means tested bursary scheme in recent years and remains committed to providing suitable access to the Schools to a wide range of socio-economic groups.

Fee affordability

The fee structure is an area that Trustees continue to review to ensure that it remains an attractive and affordable option for local families whilst continuing to support the bursary schemes and capital development programmes. Regulatory pressures and the increasing cost of utilities, salaries, pension schemes and the upkeep of two listed buildings have caused a rise in fees above inflation in recent years. The Trustees are extremely mindful of fee affordability and plan to keep future fee rises to a minimum whilst still investing in the infrastructure of the Schools.

Facilities and community links

The Trust made its facilities available to local community groups including sport (cricket, swimming, rugby, football, tennis and hockey), drama and music groups. The Trust values its links with the local community and plans to continue to build on these strong relationships. Below is an outline of some of the links the Trust has with local community groups and state-funded schools:

- Subsidised use of the Trust's swimming pool to local state primary schools
- The district cross country championships, rounders, football, athletics and quadkids tournaments are held at the Preparatory School with the involvement of state schools for no charge
- Local sports groups including East Glos Hockey and GoCrea8 Hockey use the Senior School's astroturf pitches
- Pupils from many local state primary schools take part in the many free experience days that the Senior School holds which offers them the opportunity to expand their knowledge and experiences of particular subject areas. Successful music, sports, STEM and drama days were held through the year.
- Use of the Trust's cricket pitches and equipment by Charlton King's Cricket Club for no charge
- Subsidised use of the Trust's rugby pitches and equipment by Old Patesians RFC
- Both school sites are made available through the holiday periods for holiday camps which benefit many local working families
- The use of the Preparatory School site for a large fundraising event for a local charity, at no charge
- The Trust's CCF resources are shared with Pate's School, a local state funded schools
- The Highbury Club, a local community group for partially sighted and disabled, use the Schools' facilities once a term free of charge and are entertained by the Schools' pupils

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ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REVIEW

Results for the year

The Trustees regularly review the finances, debtors and creditors, budgets and spend against budget together with a half termly financial analysis as part of the effective management of the Trust.

School fee income for the year was £9,054k (2018: £8,012k). The increase of 13% (£1,042k) was due to a successive upturn in the pupil roll in both schools and the impact of an increase in fees set by the Trustees from September 2018. Remissions for the year totalled £1,620k leading to a net fee income position of £7,434k (2018: £6,611k). Whilst remissions increased in value the remission/fee income ratio fell for the third successive year and this is forecasted to drop further into 2020. This is due to the Trust's strategy to ensure remissions are fair and appropriate through robust means testing.

Other income for the year totalled £577k (2018: £555k) demonstrating the Trust's continued strong performance in sourcing income from other means including the billing of extras, hire of facilities and investments. Total income for the year was therefore £8,143k (2018: £7,166k), an increase of £977k or 13.6%. This dramatic upturn in income is a pleasing result for the Trust and the result of the change of financial strategy in recent times to improve recruitment and retention at the Schools whilst also driving income generating activities.

Efficiency savings totalling £26k were made through the year in education, welfare and support costs against 2018. However, premises costs increased by £149k against 2018 due to increased costs in utilities, asbestos management and the maintenance and upkeep of the estates. This resulted in yearend non-pay expenditure of £2,671k (2018: £2,542k), an increase of 5%. Staff costs increased by 9.6% to £5,193k (2018: £4,736k) through the year due to increases in pay, the appointment of additional staff in the kindergarten department due to increased pupil numbers, additional administrative support, the rise in the national living wage and termination payments of £48k that were made in the year as part of a staffing restructure to mitigate against the impact of the increase to the Teachers' Pension from September 2019.

The yearend results therefore show a surplus after depreciation of £58k (2018: deficit £321k). This turnaround of £379k is a pleasing result for the Trust particularly given the challenges faced by independent schools currently. The balance sheet shows a decrease in debtors from £425k to £367k due to a more robust approach to the collection of debts and a reduction in prepayments. The earlier payment of fees ahead of the 2019/20 year meant a substantial increase by £962k. These two factors combined with the surplus generated at yearend led to a positive cashflow of £1,079k for the year.

Capital investment for the year totalled £211k (2018: £202k) demonstrating a sustained investment in the capital infrastructure of the Schools; in line with the financial strategy. Trustees are committed to continue to prudently invest whilst also balancing this carefully with debt, cash and fee levels.

Reserves level and policy

The Trustees have considered the reserves held by the Trust at 31 August 2019. The Trust's unrestricted funds stood at £3,772k (2018: £3,714k) and free reserves (i.e. the value of unrestricted reserves after deducting fixed assets) represented a deficit of £268k, an improvement of £68k against last year (2018: deficit £336k). Whilst many independent schools operate with negative free reserves, it is the intention of the Trustees to rebuild the reserves in the long term in order to cover the risks and uncertainties of operating as an independent day school. At the 31 August 2019, the Trust's endowed and restricted funds comprised £1k (2018: £1k).

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ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

The Trust's policy has been to aim to retain 3-5% of annual operating surpluses to increase free reserves. However, this has been challenging in recent years due to external financial pressures and the challenge of running two large estates. The Trustees are aware of further external pressures on independent schools from changes to the Teachers' Pensions, suggested VAT on school fees, potential removal of business rate relief, the uncertainty around Brexit and the political threat to abolish independent schools.

The Trustees will review the reserves position annually.

FUTURE PLANS

The Trust's 5 year Development Plan (2015 – 2020) was reviewed by the Trustees in August 2019. The following are key priorities for the future:

- Provide a cohesive and continuous journey (1-18) as one School Trust operating on two sites.
- Ensure the Prep School's provision prepares all pupils for successful transition to their School of first choice at Year 6
- Provide the most affordable independent education for day pupils aged 1-18.
- Retain selection criteria at points of entry to achieve an intake ability profile which in general is above national averages.
- Ensure excellence in teaching, learning and pastoral care.
- Invest in new capital projects to enhance the facilities for Sport on both sites (by improving the Swimming Pool, Changing Rooms, Gym and Hall on the Senior School site and the RedGra and Sports Hall on the Prep School site) to complement the educational provision.
- Maintain existing buildings and facilities to a high standard and adopt, where practicable, sustainable solutions to improve energy efficiency.
- Develop mutually beneficial partnerships which utilise the Schools' estate and provide a community benefit.
- Develop outside spaces to extend opportunities for outdoor learning and pupil wellbeing.
- Achieve a minimum of 60% transfer from Kindergarten to Reception in the Prep School and from Year 6 to Year 7 in the Senior School.
- Maintain a strong sense of community and develop long-term relationships with the School through liaison with the alumni.
- Generate a recurrent surplus which will enable capital improvement in facilities on both sites.
- Ensure long-term financial sustainability of the School Trust.

A one-year plan was also formulated and agreed by Trustees in August 2019 focused on raising standards.

Going concern

The Trustees have considered the current assets of the Trust and consider it to be a going concern in that it can meet all of its liabilities as they fall due over the next 12 months.

ST EDWARD'S SCHOOL CHELTENHAM TRUST

ANNUAL REPORT OF THE TRUSTEES' (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

RISK MANAGEMENT

The Trustees have given consideration to the major risks to which the Trust is exposed. The Trustee Body has ultimate responsibility for managing any risks faced by the Trust. Detailed consideration of risk is delegated to committees, which report formally to the Trustee Body each autumn. The structure of the committees comprises at least two members of the Trustee Body, assisted by Senior Management.

The risk management process and the resulting Report identifies risks, assesses their impact and likelihood and, where necessary, recommends controls to mitigate and monitor those risks. The generic controls used by the Trust to minimise risk include:

- detailed terms of reference together with formal agendas for Committee and Board activity;
- comprehensive budgeting and management accounting;
- established organisational structures and lines of reporting;
- formal written policies including clear authorisation and approval levels;
- vetting procedures as required by law for the protection of the vulnerable.

Principal risks and uncertainties

The Trustees consider risks in the following categories:

- Governance
- Operational
- Financial
- Employee
- Public relations/reputation
- Health and Safety
- Academic standards
- Land and Premises

Of these categories, the Trustees consider the principle risks in the next 12 months to be:

1. The recruitment and retention of pupils moving into 2020
2. The outcome of the general election and the stance of political parties on independent schools, namely Labour's policy against private schools through punitive measure such as the imposition of VAT on fees, the loss of business rate relief and loss of charitable status
3. Brexit and the impact on the economy leading to difficulties with the affordability of school fees
4. The maintenance and upkeep of the estates

Measures which the Trust is taking to mitigate against these risks are:

1. A sustained investment in marketing the Schools and raising awareness of the many benefits of a St Edward's education.
2. Lobbying both through the local MP and the various school associations. Highlighting the importance of our links with local schools and groups through Schools Together.
3. Financial planning to ensure that fee increases are kept to a minimum by building in cost savings measures and activities to generate income from other sources.

ST EDWARD'S SCHOOL CHELTENHAM TRUST
ANNUAL REPORT OF THE TRUSTEES' (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

4. The development of a rolling programme for maintenance, asbestos management and capital projects.

AUDITOR

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the re-appointment of Crowe U.K. LLP as auditor to the Trust will be put to the Annual General Meeting.

This Annual Report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Trustees of St Edwards School Cheltenham Trust on 3 December 2019 including in their capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by:

Dr Susan Honeywill
Chair of the Trustees

3 December 2019

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. EDWARD'S SCHOOL CHELTENHAM TRUST

Opinion

We have audited the financial statements of St. Edward's School Cheltenham Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities incorporating an income and expenditure account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. EDWARD'S SCHOOL CHELTENHAM TRUST

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Director's report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic report and Director's report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustees' report .

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 5, the Trustees (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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. EDWARD'S SCHOOL CHELTENHAM TRUST

concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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 opinions we have formed.

This report has not yet been signed

Guy Biggin (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ
Date:

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Income from:					
Donations and legacies	2	-	6	6	-
Charitable activities:					
School fees receivable	3	7,434	-	7,434	6,611
Ancillary trading income	4	478	-	478	460
Other trading activities	5	94	-	94	95
Investments	6	5	-	5	-
Other income		126	-	126	-
Total income		<u>8,137</u>	<u>6</u>	<u>8,143</u>	<u>7,166</u>
Expenditure on:					
Charitable activities		8,079	6	8,085	7,487
Total expenditure	7	<u>8,079</u>	<u>6</u>	<u>8,085</u>	<u>7,487</u>
Net income/(expenditure) and movement in funds		58	-	58	(321)
Reconciliation of funds:					
Total funds brought forward		3,714	1	3,715	4,036
Total funds carried forward		<u>3,772</u>	<u>1</u>	<u>3,773</u>	<u>3,715</u>

The notes on pages 21-36 form part of these financial statements.

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 01961978

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£000	2019 £000	£000	2018 £000
Fixed assets					
Tangible assets	11		4,040		4,050
Current assets					
Debtors	12	367		425	
Cash at bank and in hand		1,805		726	
		<u>2,172</u>		<u>1,151</u>	
Creditors: amounts falling due within one year	13	<u>(2,196)</u>		<u>(1,399)</u>	
Net current liabilities			<u>(24)</u>		<u>(248)</u>
Total assets less current liabilities			<u>4,016</u>		<u>3,802</u>
Creditors: amounts falling due after more than one year	14		<u>(243)</u>		<u>(87)</u>
Net assets			<u><u>3,773</u></u>		<u><u>3,715</u></u>
Charity Funds					
Restricted funds	17		1		1
Unrestricted funds	17		3,772		3,714
Total funds			<u><u>3,773</u></u>		<u><u>3,715</u></u>

The financial statements were approved and authorised for issue by the Trustees on 3 December 2019 and signed on their behalf, by:

Dr Susan Honeywill
Chair of the Trustees

The notes on 21-36 form part of these financial statements.

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	<u>1,325</u>	<u>(179)</u>
Cash flows from investing activities:			
Interest received		5	-
Purchase of fixed assets		<u>(211)</u>	<u>(202)</u>
Net cash used in investing activities		<u>(206)</u>	<u>(202)</u>
Cash flows from financing activities:			
Repayments of loans		(13)	(4)
New loans		-	262
Movement of hire purchases leases		<u>(27)</u>	<u>17</u>
Net cash (used in)/provided by financing activities		<u>(40)</u>	<u>275</u>
Change in cash and cash equivalents in the year		1,079	(106)
Cash and cash equivalents brought forward		<u>726</u>	<u>832</u>
Cash and cash equivalents carried forward	20	<u><u>1,805</u></u>	<u><u>726</u></u>

The notes on 21-36 form part of these financial statements.

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

Charity Information

St. Edward's School Cheltenham Trust is a registered charity with the Charities Commission England and Wales (charity number: 293360) and was incorporated as a company limited by guarantee (company number: 01961978). The address of its registered office is Cirencester Road, Charlton Kings, Cheltenham, GL53 8EY.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

St. Edward's School Cheltenham Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The School depends on its existing bank facilities to meet its day to day working capital requirements. The Trustees have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting appropriate in preparing the annual financial statements.

1.3 Income

Fees receivable are accounted for in the period in which the services are provided and are stated after deducting allowances, scholarships and other remissions granted by the School.

All other income is included in the Statement of Financial Activities when the School has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

1.4 Expenditure

Expenditure is allocated to expense headings on a direct cost basis, with staff costs being allocated according to the estimated time spent by staff working in relevant departments.

Charitable activities include all costs relating to the running of the School.

The irrecoverable VAT element is included with the item of expense to which it relates.

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

In common with other educational establishments the School has historically written off all expenditure on tangible assets during the year of purchase (prior to 1997).

The original School buildings are predominantly listed properties and are carried at the amount of the original merger cost, as the Trustees consider it is not appropriate to apply a current valuation to such properties. The School is responsible for keeping these properties in a fit and useful condition and these costs are written off as incurred, and hence no depreciation is charged on these properties.

Depreciation is provided on all tangible fixed assets in use, other than listed properties and freehold land, at rates and bases calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	-	0% - 2% straight line or the expected remaining life of the building
Plant and equipment	-	10% - 33% straight line
Motor vehicles	-	20% straight line
Furniture, fixtures and fittings	-	10% - 20% straight line

Land is not depreciated.

Expenditure on fixed assets is capitalised except for expenditure incurred on the replacement of assets of low value with a short life. Repair, renovation and replacement expenditure is written off as expenditure in the statement of financial activities. Individual items costing less than £5,000 are written off as an expense as acquired.

1.6 Finance and operating leases

Where the School has entered into finance leases or hire purchase contracts, the obligations to the lessor are shown within creditors and the rights in the corresponding assets are treated in the same way as owned fixed rights. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title.

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred

1.7 Debtors

Short term debtors are initially measured at transaction price, less any impairment.

1.8 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions.

1.9 Creditors

Short term creditors are initially measured at the transaction price.

ST. EDWARD'S SCHOOL CHELTENHAM TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.10 Liabilities

Liabilities are recognised once there is a legal or constructive obligation that commits the School to the obligation.

1.11 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.12 Taxation

The School is a registered charity, and as such is entitled to certain tax exemptions on surpluses on any trading activities carried on in furtherance of the charity's primary objectives.

1.13 Redundancy costs

Redundancy and termination costs are accounted for on an accruals basis when commitment to terminate a post on the grounds of redundancy has been made.

1.14 Pensions

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary as advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme, which are attributable to the School. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme. The School also contributes to personal pension schemes for non-teaching staff and these contributions are accrued accordingly.

1.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the School and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Funds donated for purposes restricted by the wishes of the donor are taken to restricted funds, where these wishes are legally binding on the Trustees.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.16 Deposits

The Governors have reviewed the contract terms under which pupil fee deposits are held by the School. Although under normal circumstances these will be repaid in future years when the pupils complete their education at the school, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of deposits held have been included within current liabilities.

1.17 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgements have been made include the following:

Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangible assets and note 1.5 for the useful lives for each class of asset.

Impairment of debtors

The School makes an estimate of the recoverable value of fee and other debtors. When assessing impairment of fee and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

2. Income from donations and legacies

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Donations	-	6	6	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Charitable activities - Fees receiveable

Income represents gross school fees invoiced less discounts and allowances as shown below:

	2019	<i>2018</i>
	£000	<i>£000</i>
School fees	9,054	<i>8,012</i>
Less: total scholarships, bursaries, grants and allowances	(1,620)	<i>(1,401)</i>
	7,434	<i>6,611</i>
	7,434	<i>6,611</i>

4. Charitable activities- Other income

	2019	<i>2018</i>
	£000	<i>£000</i>
Ancillary trading income		
Sale of meals	35	<i>36</i>
School trips	224	<i>223</i>
Application fees	11	<i>12</i>
Special needs fees	100	<i>79</i>
Examination fees	44	<i>30</i>
Fee deposits	-	<i>5</i>
Bus income	23	<i>23</i>
Afterschool clubs	40	<i>51</i>
Other fees as extras	1	<i>1</i>
	478	<i>460</i>
	478	<i>460</i>

5. Other trading activities

	2019	<i>2018</i>
	£000	<i>£000</i>
Hire of building and grounds	94	<i>95</i>
	94	<i>95</i>
	94	<i>95</i>

6. Investment income

	2019	<i>2018</i>
	£000	<i>£000</i>
Investment income	5	<i>-</i>
	5	<i>-</i>
	5	<i>-</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Analysis of Expenditure by expenditure type

	Staff costs 2019 £000	Depreciation 2019 £000	Other costs 2019 £000	Total 2019 £000	<i>Total</i> 2018 £000
Charitable activities:					
Education and grant making	4,299	10	613	4,922	4,587
Welfare	31	-	551	582	586
Premises	316	211	956	1,483	1,276
Support costs	547	-	551	1,098	1,038
	<u>5,193</u>	<u>221</u>	<u>2,671</u>	<u>8,085</u>	<u>7,487</u>
<i>Total 2018</i>	<u>4,736</u>	<u>209</u>	<u>2,542</u>	<u>7,487</u>	

8. Governance costs (included within support costs) comprise:

	2019 £000	2018 £000
Auditor's remuneration - audit services	10	11
Auditor's remuneration - non-audit services	4	4
Other costs	-	2
Total	<u>14</u>	<u>17</u>

9. Net expenditure

This is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets:		
- owned by the charity	195	209
- held under finance leases	26	-
Operating lease rentals	<u>154</u>	<u>154</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

Trustees received reimbursement of expenses amounting to £NIL in the current year, (2018 - 10 Trustees - £2k). Expenses were reimbursed for expenditure such as travel, subsistence, stationery and subscriptions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs

Staff costs were as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Wages and salaries	4,330	<i>3,915</i>
Social security costs	387	<i>368</i>
Other pension costs	476	<i>453</i>
	<hr/> 5,193 <hr/>	<hr/> <i>4,736</i> <hr/>

During the period there were redundancy or termination payments made which amounted to £48k (*2018: £10k*). No amounts were left outstanding at the year end (*2018: £nil*)

The average number of persons employed by the School during the year was as follows:

	2019	<i>2018</i>
	No.	<i>No.</i>
Scholastic	87	<i>94</i>
Administration	83	<i>75</i>
	<hr/> 170 <hr/>	<hr/> <i>169</i> <hr/>

The number of higher paid employees was:

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	<i>1</i>
In the band £80,001 - £90,000	1	<i>1</i>
In the band £100,001 - £110,000	0	<i>1</i>
In the band £110,001 - £120,000	1	<i>0</i>

Aggregate remuneration and benefits of the key management personnel totalled £629k (*2018: 606k*). This relates to the Headmistress, Headmaster, 4 Deputy Heads and the Bursar.

Retirement benefits were accruing on behalf of 4 (*2018: 3*) higher paid employees. Payments made in the year for these members of staff into the relevant pension scheme totalled £48k (*2018: £33k*).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Furniture, fixtures and fittings £000	Total £000
Cost					
At 1 September 2018	7,372	811	256	65	8,504
Additions	104	107	-	-	211
At 31 August 2019	<u>7,476</u>	<u>918</u>	<u>256</u>	<u>65</u>	<u>8,715</u>
Depreciation					
At 1 September 2018	3,484	731	174	65	4,454
Charge for the year	156	37	28	-	221
At 31 August 2019	<u>3,640</u>	<u>768</u>	<u>202</u>	<u>65</u>	<u>4,675</u>
Net book value					
At 31 August 2019	<u>3,836</u>	<u>150</u>	<u>54</u>	<u>-</u>	<u>4,040</u>
<i>At 31 August 2018</i>	<u>3,888</u>	<u>80</u>	<u>82</u>	<u>-</u>	<u>4,050</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £000	2018 £000
Plant and equipment	<u>49</u>	<u>75</u>

12. Debtors

	2019 £000	2018 £000
Fees and extras	264	256
Other debtors	21	28
Prepayments and accrued income	82	141
	<u>367</u>	<u>425</u>

Fee debtors are stated after impairment provisions totalling £229k (2018: £221k).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Creditors: Amounts falling due within one year

	2019	<i>2018</i>
	£000	<i>£000</i>
Bank loans	20	213
Net obligations under finance leases and hire purchase contracts	23	25
Trade creditors	135	164
Other taxation and social security	95	139
Fees received in advance	1,303	549
Deposits from parents	299	248
Other creditors	115	48
Accruals	206	13
	2,196	<i>1,399</i>
	2,196	<i>1,399</i>

Fees received in advance represent payment for school fees relating to terms within the 2019/20 financial year.

	£000
Deferred income	
Deferred income at 1 September 2018	549
Resources deferred during the year	1,303
Amounts released from previous years	(549)
	1,303
Deferred income at 31 August 2019	1,303

14. Creditors: Amounts falling due after more than one year

	2019	<i>2018</i>
	£000	<i>£000</i>
Bank loans	226	45
Net obligations under finance leases and hire purchase contracts	17	42
	243	<i>87</i>
	243	<i>87</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Loans and Hire Purchases

	2019	<i>2018</i>
	£000	<i>£000</i>
Due within one year		
Bank loans	20	<i>213</i>
Hire purchases	23	<i>25</i>
	<hr/>	<hr/>
Total due within one year	43	<i>238</i>
	<hr/>	<hr/>
Due between one to five years		
Bank loans	65	<i>45</i>
Hire purchases	17	<i>42</i>
	<hr/>	<hr/>
Total due between one to five years	82	<i>87</i>
	<hr/>	<hr/>
Due greater than five years		
Bank loans	161	<i>-</i>
	<hr/>	<hr/>
Total	286	<i>325</i>
	<hr/> <hr/>	<hr/> <hr/>

There are two bank loans of which £46k (*2018: £58k*) represents the balance owing on a fixed rate 2.69% loan. The loan capital is being paid over a 5 year period. The second loan of which £200k (*2018: £200k*) represents the balance owing on a 2.57% fixed rate per annum loan over the Bank of England Base Rate. The loan capital is being repaid over a 20 year period.

The bank loans outstanding of £246k (*2018: £258k*) are secured by way of a First Legal Mortgage over the freehold property known as The School House. This asset is included at its initial cost within Freehold property and its current market value far exceeds its carrying value. the hire purchase liabilities are secured on the assets to which they relate.

16. Financial instruments

	2019	<i>2018</i>
	£000	<i>£000</i>
Financial assets measured at amortised cost	2,104	<i>1,028</i>
	<hr/> <hr/>	<hr/> <hr/>
Financial liabilities measured at amortised cost	1,010	<i>(798)</i>
	<hr/> <hr/>	<hr/> <hr/>

Financial assets measured at amortised cost comprise of cash, trade debtors, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans, deposits, trade creditors, other creditors, hire purchases and accruals.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

Statement of funds - current year

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Balance at 31 August 2019 £000
Unrestricted funds					
Designated	220	37	(5)	(16)	236
General reserve	3,494	8,100	(8,074)	16	3,536
Total Unrestricted funds	3,714	8,137	(8,079)	-	3,772
Restricted funds					
Chess Donation	1	-	-	-	1
PTA Donation	-	6	(6)	-	-
	1	6	(6)	-	1
Total of funds	3,715	8,143	(8,085)	-	3,773

The designated fund is for the swimming pool and fitness room. Income received each year from the hire of the pool and fitness room is designated as a separate reserve. Funds will be allocated by the Finance Committee for capital improvements and significant maintenance and renewal costs in the pool and fitness areas. A transfer from the designated fund to the general reserve will be recognised upon the completion of any work to the swimming pool and fitness area which fully satisfy the above conditions of the designated fund.

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17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds					
Designated	296	33	(13)	(96)	220
General reserve	3,729	7,133	(7,474)	106	3,494
Total unrestricted funds	4,025	7,166	(7,487)	10	3,714
Endowment funds					
Edward Maguire Fund	10	-	-	(10)	-
Total Endowment Funds	10	-	-	(10)	-
Restricted funds					
Chess donation	1	-	-	-	1
Total of funds	4,036	7,166	(7,487)	(10)	3,715

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	4,040	-	4,040
Current assets	2,170	1	2,171
Creditors due within one year	(2,195)	-	(2,195)
Creditors due in more than one year	(243)	-	(243)
	<u>3,772</u>	<u>1</u>	<u>3,773</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	4,050	-	4,050
Current assets	1,150	1	1,151
Creditors due within one year	(1,399)	-	(1,399)
Creditors due in more than one year	(87)	-	(87)
	<u>3,714</u>	<u>1</u>	<u>3,715</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £000	2018 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	58	(321)
Adjustment for:		
Depreciation charges	221	209
Interest received	(5)	-
Decrease/(increase) in debtors	89	(104)
Increase in creditors	962	37
Net cash provided by/(used in) operating activities	<u>1,325</u>	<u>(179)</u>

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20. Analysis of cash and cash equivalents

	2019	<i>As restated</i>
	£000	<i>2018</i>
		<i>£000</i>
Cash in hand	1,805	726
Total	1,805	<i>726</i>

21. Analysis of changes in net debt

	At 1 September	Cash flows	At 31 August
	2018	2019	2019
	£000	£000	£000
Cash at bank and in hand	726	1,079	1,805
Bank loans due within one year	(213)	193	(20)
Bank loans due after one year	(45)	(181)	(226)
Hire purchase leases due within one year	(25)	2	(23)
Hire purchase leases due after one year	(42)	25	(17)
Total	401	1,118	1,519

22. Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £437k (2018: £406k) and at the year-end £nil (2018: £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage

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22. Pension commitments (continued)

fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Other pension schemes

The School also contributes to a defined contribution pension scheme on behalf of its employees. The cost to the School of this scheme was £39k (2018: £47k).

23. Operating lease commitments

At 31 August 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2019	<i>2018</i>
	£000	<i>£000</i>
Amounts payable:		
Within 1 year	146	<i>152</i>
Between 1 and 5 years	558	<i>569</i>
After more than 5 years	3,510	<i>3,645</i>
Total	4,214	<i>4,366</i>

24. Related party transactions

There are no related party transactions during the current period that require disclosure, with the exception of those Trustees who have children attending the school. School fees incurred by Trustees are paid on a commercial arm's length basis.

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25. Comparative Statement of financial activities for the year ended 31 August 2018

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000
Income from:				
Charitable activities				
School fees receivable	6,611	-	-	6,611
Ancillary trading income	460	-	-	460
Other trading activities	95	-	-	95
Total income	7,166	-	-	7,166
Expenditure on:				
Charitable activities				
Education and grant making	7,487	-	-	7,487
Total expenditure	7,487	-	-	7,487
Net deficit for the year	(321)	-	-	(321)
Transfer between funds	10	-	(10)	-
Net movement in funds	(311)	-	(10)	(321)
Total funds brought forward	4,025	1	10	4,036
Total funds carried forward	3,714	1	-	3,715