

SAINT FELIX SCHOOLS
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



SAINT FELIX SCHOOLS
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Governors

Mr John W Whyte (resigned 11 April 2019)
Mr Nigel Johnson, Vice Chair (resigned 10 September 2017)
Mr Richard J Turvill
Mrs Hazel Anthony
Dr Leslie W Dawson OBE
Dr John F Kelly, Chair
Rev Barrie Slatter
Mr Kevin Dobson
Mrs Sarah Hill, Parent Governor (resigned 17 April 2018)
Mr Robert Stephens, Parent Governor
Mrs Linda Le Versha, Vice Chair
Mr Rupert Wise
Mr Graham Hillier

The members of the board have the power to appoint one or more board members.

By virtue of the Articles all governors must be members of the company. All governors, while a member, or within one year after ceasing to be a member is liable to contribute a sum not exceeding £1, if required in the event of the company being wound up.

The governors receive no emoluments.

Officers:

Head: Mr J Harrison

Finance Manager: Miss L Davison

The Clerk to the Governors: Mrs C Hillier

Company secretary: Mr D Rees (resigned 14 February 2019) Miss L Davison (appointed 14 February 2019)

Website: www.stfelix.co.uk

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Company registered number

00316883

Charity registered number

310482

Registered office

Halesworth Road, Reydon, Southwold, Suffolk, IP18 6SD

Independent auditors

Larking Gowen LLP, King Street House, 15 Upper King Street, Norwich, NR3 1RB

Solicitors

Birketts, 24-26 Museum Street, Ipswich, Suffolk, IP1 1HZ

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Saint Felix Schools (the company) for the year ended 31 August 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Saint Felix Schools is a charitable company limited by guarantee. The Charity was founded in 1897, and is registered with the Charity Commission under Charity number 310482, and with company registration number 00316883. The Saint Felix Schools Governors, executive officers and principal addresses of the Charity are listed on page 1. Particulars of the Charity's professional advisors are given on page 2.

Structure, governance and management

a. Constitution

The Charity is governed by its Trust Deed dating from 1897 and the Articles of Association dated December 2011. Details on the structure of the Charity are explained below, together with information on how the members of each governing body are appointed to office.

b. Recruitment and training of Governors

A panel comprising existing governors selects members of the board of governors. Applications for governorship are sought by invitation, with the exception of the two parent governors. Parent governors are sought by way of internal advertisement and subsequent nominations from parents. From the nominations two candidates are elected by the governors.

A new governor receives an induction handbook. The chair of governors runs an induction session for each new governor and mentoring by him, or another established board member, follows. The school subscribes to AGBIS for access to professional advice and current legislative information.

All Governors received formal Child Protection and Safeguarding training from an accredited agency.

c. Organisational structure and management

The full governing board meets four times per year to review the school's strategy and performance and to set the operating plans and budgets. The Finance and General Purpose Committee (which incorporates the Marketing and Property Committees) meets ten times per year under the chairmanship of an experienced governor. The Senior Education committee meets four times each year to undertake a detailed review of student outcomes and progress and to support the school leaders in improving the quality of teaching and learning. A meeting each term is held between the nominated governors and the SENCO (or leader of Learning Support) and the Head of Boarding.

A Scholarship and Awards sub committee meets once a year, under the chairmanship of the Head. The board of governors delegates certain functions to these committees under specific terms of reference. Each committee has its decisions ratified by the full board. The Health and Safety Committee, (whose work is overseen and monitored by a governor,) has been re-organised and re-focused and, together with Health and Safety and Safeguarding/Child Protection agenda items at each full governors' meeting, these measures continue to ensure that the governors present a positive and professional approach to the complex issues of school management.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Charity has a wholly owned, now dormant, non-charitable subsidiary, Felicity (Southwold) Limited. Close relationships exist with many local sporting groups, who use the school's facilities, plus local council, church and youth groups. The school benefits enormously from the generosity and personal involvement of the Parent Teacher Association (PTA) of Saint Felix, run by parents of children at the school, whose close support is greatly appreciated and gladly acknowledged. The school also enjoys the support of the Old Felicians Club, a network of former pupils.

In determining the remuneration of the schools' key management personnel the governors take account of external benchmarking data available.

d. Risk management

The board of governors has conducted its own review of the major risks to which the Charity is exposed and systems have been established to mitigate these risks. The review recognised certain areas to be of particular importance; these include statutory requirements in the fields of fire and health and safety, the need to maintain current pupil numbers and safeguarding and child protection issues. Significant external risks to funding have led to the development of a strategic plan, which allows for the diversification of funding and activities. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspect of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the Charity.

Key controls include formal written policies, clear authorisation and approval levels, and vetting procedures as required by child protection legislation and the independent safeguarding authority.

Objectives and Activities

a. Charitable aims and objectives

The Charity's objects, as set out in its Trust Deed and Articles of Association, are the advancement of education, including schooling for day, weekly and full boarding pupils of both sexes, and the provision of free education for up to 5 deserving pupils. In shaping each objective for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The school provides financial support to gifted and talented pupils by offering academic, sporting, arts and drama scholarships of up to a maximum of 80% remission. These awards are offered to candidates who achieve excellent results in competitive scholarship examinations, or meet pre-set criteria in auditions and trials. Particular focus in terms of these awards is given to those students moving from Year 11 into the VI form. The school provides short-term means tested hardship bursaries to parents who experience unexpected financial difficulties and whose children are already in the school.

Saint Felix Schools aims to promote and advance education, and for these purposes, establish, maintain and carry on schools, nurseries, care clubs and educational institutions in accordance with the school's Articles of Association. This is intended to produce an educational environment where every pupil can develop and fulfil their academic potential, build self-confidence and a desire to contribute positively to the wider community. At Saint Felix the students achieve outstanding academic results and at the same time the boys and girls are prepared for the challenges of life beyond school.

Once again, the focus for the school continues to be the on-going improvement of academic standards and the achievement of sporting and creative excellence. Growth in boarding numbers for both boys and girls remains a priority.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

b. Strategies for achieving objectives

These include an ongoing review of the school's academic curriculum, with a focus on progress and continuity throughout the school. The maintenance of sound pupil performance in public examinations is at the forefront of the school's objectives. Good learning support is in place.

The school continues to utilise strategies that will encourage and expand its school roll and to invest in its arts and drama facilities, plus its elite swimming squad with national and potential international members.

c. Principal activities of the year

The principal activity of the company is the on-going provision of high quality education for boys and girls aged two and nineteen.

d. Grant making policies

This year the Charity awarded bursaries and fee remissions of £1,496,762 (2017: £1,234,665) from unrestricted funds. The governors' policy, in line with that of other independent schools, is to award grants on the basis of educational, artistic, musical, dramatic and sporting abilities and cases of financial need. This policy has recently been reviewed to make it clearer and more transparent.

STRATEGIC REPORT:

Achievements and performance

a. Going concern

As highlighted in the reserves policy, the school meets its day to day working capital requirements through managing the school income. However the cash position shows a negative change upon the previous year due to investment activities. The school has the ability, when required, to use additional trust funds and a secured additional overdraft facility agreed with Barclays Bank.

The bank loan scheduled for renewal at 31 August 2017 was successfully renegotiated with Barclays. The governors are delighted with the close working relationship that has progressed.

The governors, together with the members of the Finance and General Purposes Committee, are working hard to increase income and reduce expenditure to ensure that the school can return to achieving surpluses.

The governors are satisfied that there are sufficient prospects, reserves and banking support, to adopt the going concern basis of accounting in preparing the annual financial statements.

A strategic plan was produced in January 2019, comprising actions and measurable targets that have been monitored each month. Action is being taken to grow pupil numbers, particularly of boarding students, to reduce remissions and expenditure and to ensure that the highest quality of education is delivered within budget.

Many schools in the independent sector are consolidating through partnerships or investor support. The Governors are aware of these options and maintain broad research to assess all future options within the sector.

The proposed sale of fields for housing, has been agreed and the land should be marketed in the academic year 2019-20.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The re-structuring of the Registry and Marketing department has led to a more efficient and effective process of responding to parents' initial contact with the school.

More assertive local marketing and visiting international markets has also improved the recruitment of pupils, which at present are the highest for several years.

A flexible approach to European students has led to pupils joining the school for short term courses and longer term Key Stage 4 and 5 programmes.

The governors support these marketing approaches and will continue to develop relationships with new agencies in a wide range of international markets.

The continued targeting of overseas pupils is having a positive effect on income, pupil numbers and their presence in the school creates a vibrant atmosphere amongst the boarding community.

The school has embarked upon a series of improvements, investing in the kitchens, a newly developed sixth form centre and a refectory aligned with the sporting facilities. All investments have improved the overall offering and appeal of the school

The fleet of minibuses, one with a wheelchair lift, continue to support its charitable aims and work in partnership with the local community.

b. Operational performance of the school

In 2018 the school celebrated another strong set of A Level results, with a pass rate of 94.4% and an impressive 73.3% of grades at A* – C. Of those pupils that have opted to continue studying at university, the vast majority has secured places at their first choice. Four students have received offers from prestigious music schools. Strong results were achieved in the Classics, Music, Sciences and the Arts. St Felix School was ranked 9th out of 54 Suffolk schools and colleges for progress of pupils in 2018.

At GCSE almost a third of all grades were 7 – 9, equivalent to the old A**–A. Despite the challenges of new and uncertain course content and examination formats, the overall pass rate (9 – 4 or A*–C) represents an increase to 81.5%, 2.5% up on last year, with consistent improvement in all subjects. 27% of grades were at 9 – 7 (A*–A). While the core subjects of Maths, English and Science are always strong, this year has seen widespread success in the arts, humanities and languages too.

The September 2018 ISI Regulatory Compliance Inspection Report for Schools with Residential Provision, found that all standards are being met in the school. The areas for improvement identified in the 2014 report have been achieved through the focus of the headteacher, supported by the governors, on compliance, safeguarding and health and safety. Bringing this provision up to the required standards has necessitated the appointment of additional personnel and improvements to the estate to ensure that these rigorous standards are met.

There is a continued commitment to continuous refurbishment of the boarding houses and improving the decor of many parts of the school buildings. The aim is to encourage the enrollment of full Boarders attending the school. Overseas boarders came from a widening range of countries: Italy, Spain, France, Germany, The Netherlands, Ukraine, USA, Belize, Russia, Tanzania, Nigeria, China and Hong Kong. Recruitment for all age-groups continues to be encouraging.

The slow growth at the Pre-prep, reported previously has changed for the better as has the number of pupils progressing from this stage to the next.

Pupils have continued to excel in extra-curricular sport. Swimming remains our USP. Bi-athletes have competed and won at national level, while county and regional representatives have participated in rugby, hockey, cross-

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

country, athletics, golf and tennis. Students have won national equestrian championship titles and some of our footballers have participated in the Norwich and Ipswich academies. A tennis academy has recently been established as one of the measures designed to increase revenue. The academy has attracted local students to the school and will have a positive impact on recruitment from the international markets, particularly Africa. The School continues to pursue its interest in modern pentathlon with pupils selected for the UK development programme. The extra-curricular programme is developing rapidly with fencing and laser-shooting competitions. The Creative Arts continue to be a flagship with our artists, drama students and musicians contributing significantly not only to the cultural life of the School but also participating in many community, county and regional events.

c. Fundraising performance

Funds for the school are raised by the Parent Teacher Association and they apply contributions for goods and services across the entire school, from Nursery to the Sixth form.

d. Investment policy and objectives

The board aims to maximise income on temporary cash surpluses via short term money market deposits.

Financial review

a. Financial review and results for the year

The statement of financial activities which accompany this report show that for the year ended 31 August 2018 there was a deficit of £228,316 (2017: deficit of £19,426).

b. Reserves policy

The governors have reviewed the reserves of the Charity. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow the Charity to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to £2,000,000 should be maintained. This equates to approximately two terms of fee income. During the year the Charity's general reserve decreased to £1,076,011 (2017: £1,277,694). All of the charity's general reserves are tied up in fixed assets.

The Charity's current level of debt indicates that a restructuring of its operational activities and financial arrangements is required so that the Charity can continue to pursue its charitable activities. This restructuring has been finalised and agreed upon by the board. The governors are confident the measures taken will ensure the Charity's general reserve will increase to ensure the target level is met and sustained in the future.

The Charity has a number of other designated and restricted funds which are represented by investments and fixed assets. The purpose of these funds is detailed in note 17 to the financial statements.

Future plans

The key objectives within that framework are:

1. To continue to support the vision and aspiration of the headteacher
2. To build the school roll to 375 pupils.
3. To recruit specialist management skills in order to improve the management of people and resources through a more clearly defined KPI (key performance indicators)

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

4. To strive to maintain a general reserve equivalent to two terms net fee income.
5. To monitor the health and safety and safeguarding requirements
6. To invest further in the core IT systems that underpin the management of the school.
7. To continue to enhance the sporting facilities to make the school attractive to potential students and to increase our income.
8. To maintain and improve further the current high standards of academic achievement.
9. To review, on a continuous basis, the whole curriculum throughout the school and the pupil teacher ratio.
10. To focus on the Sixth Form and to place additional emphasis on developing the quality of teaching and learning, the size of teaching groups, the facilities and academic, pastoral and extra curricular opportunities available. There is a strong pastoral curriculum at this level.
11. To continue to build links with local schools and sporting establishments.
12. To develop further community access to the schools' facilities and to strengthen links with the community.
13. Continuing Professional Development for all members of staff.

As an educational charity, the school is mindful of its responsibilities with regard to public benefit. The school's main charitable objective is to provide first class education to children between the age of two and nineteen.

It is important to us that the education we offer is not only for those who can fully afford the fees. Our bursary policy contributes to the widening of access to the education we offer and the facilities we enjoy.

The board of governors view our awards as important in ensuring children from families who would otherwise not be able to afford the fees can access the education we offer. Our awards include financial help for the parents of children who meet our general entry requirements and are made on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk. In funding our awards we have to be mindful that we must ensure a balance between fee paying parents many of whom make considerable personal sacrifices to fund their child's education and those benefiting from the awards.

The bursary awards and fee remissions range from 10% to 100% of the total fees for the year, with £1,496,762 awarded in the year (2017: £1,234,665). Depending on academic gifts and creative, sporting and musical talents awards may be 10% or in special circumstances higher fee discounts may be available. Most of the financial help offered is directed towards older pupils. There is a sliding scale of discount for children of large families and financial help is given to military personnel and to members of staff with children at the school.

The School is in continuing discussions with planners and with Sport England regarding future developments of the facilities at the St Felix.

Trustees' responsibilities statement

The Trustees (who are also directors of Saint Felix Schools for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 judgments and accounting 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;

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 3/9/19 and signed on their behalf by:


Dr John F Kelly, Chair
Chairman of Governors

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAINT FELIX SCHOOLS

Opinion

We have audited the financial statements of Saint Felix Schools (the 'charitable company') for the year ended 31 August 2018 set out on pages 14 to 33. 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 2018 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 Auditors' 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.

Material uncertainty related to going concern

We draw attention to notes 1.1 & 16 in the financial statements, which indicate that discussions relating to bank facilities after 31 October 2019 are on-going. As detailed in notes 1.1 and 16 and, in the commentary within the directors' report, this indicates that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

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 Auditors' 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAINT FELIX SCHOOLS

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic 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 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 returns adequate for our audit have not been received from branches not visited by us; 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, 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 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.

Auditors' 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 Auditors' 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.

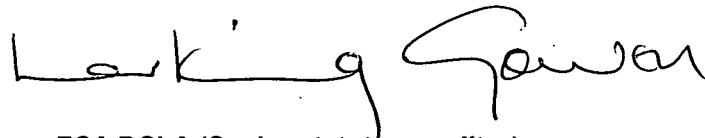
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAINT FELIX SCHOOLS

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA 

Julie Grimmer FCA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen LLP

Chartered Accountants
Statutory Auditors

King Street House
15 Upper King Street
Norwich
NR3 1RB
Date: 3 September 2019

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and legacies | 5 | 6,116 | - | 6,116 | 1,744 |
| Charitable activities | 7 | 3,687,674 | - | 3,687,674 | 3,866,240 |
| Investments | 6 | 102,538 | - | 102,538 | 65,214 |
| Total income | | 3,796,328 | - | 3,796,328 | 3,933,198 |
| Expenditure on: | | | | | |
| Raising funds | | 136,055 | - | 136,055 | 124,861 |
| School operating costs | 8 | 3,888,589 | - | 3,888,589 | 3,827,763 |
| Total expenditure | 9 | 4,024,644 | - | 4,024,644 | 3,952,624 |
| Net expenditure before other recognised gains and losses | | (228,316) | - | (228,316) | (19,426) |
| Net movement in funds | | (228,316) | - | (228,316) | (19,426) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 1,277,693 | 96,000 | 1,373,693 | 1,393,119 |
| Total funds carried forward | | 1,049,377 | 96,000 | 1,145,377 | 1,373,693 |

The notes on pages 17 to 33 form part of these financial statements.

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REGISTERED NUMBER: 00316883

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|----------------|--------------------|----------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 3,309,310 | | 3,231,701 |
| Investments | | | 2 | | 2 |
| | | | <u>3,309,312</u> | | <u>3,231,703</u> |
| Current assets | | | | | |
| Stocks | 12 | 28,785 | | 34,679 | |
| Debtors | 13 | 189,384 | | 255,968 | |
| Cash at bank and in hand | | 116,579 | | 128,175 | |
| | | <u>334,748</u> | | <u>418,822</u> | |
| Creditors: amounts falling due within one year | 14 | (1,505,749) | | (2,206,832) | |
| Net current liabilities | | | <u>(1,171,001)</u> | | <u>(1,788,010)</u> |
| Total assets less current liabilities | | | <u>2,138,311</u> | | <u>1,443,693</u> |
| Creditors: amounts falling due after more than one year | 16 | | (992,934) | | (70,000) |
| Net assets | | | <u>1,145,377</u> | | <u>1,373,693</u> |
| Charity Funds | | | | | |
| Restricted funds | 17 | | 96,000 | | 96,000 |
| Unrestricted funds | 17 | | 1,049,377 | | 1,277,693 |
| Total funds | | | <u>1,145,377</u> | | <u>1,373,693</u> |

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


Dr John F Kelly
Chairman of Governors


Mr Richard J Turvill
Governor

The notes on pages 17 to 33 form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | 2018 £ | 2017 £ |
|--|------|------------------|-----------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 22 | 115,857 | 147,687 |
| Cash flows from investing activities: | | | |
| Returns on investments and servicing of finance | | (39,467) | (46,004) |
| Capital expenditure and financial investment | | (127,986) | (88,948) |
| Net cash used in investing activities | | (167,453) | (134,952) |
| Cash flows from financing activities: | | | |
| Repayments of borrowings | | (951,762) | (51,866) |
| Cash inflows from new borrowing | | 991,762 | - |
| Net cash provided by/(used in) financing activities | | 40,000 | (51,866) |
| Change in cash and cash equivalents in the year | | (11,596) | (39,131) |
| Cash and cash equivalents brought forward | | 128,175 | 167,306 |
| Cash and cash equivalents carried forward | 23 | 116,579 | 128,175 |

The notes on pages 17 to 33 form part of these financial statements.

SAINT FELIX SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

1.1 Going concern

During the year to 31 August 2018 the school completed its scheduled re-financing with new secured loan and overdraft facilities with Barclays Bank Plc. The updated property valuation obtained as part of the refinancing facilities provided the governors with further reassurance over the value of the school's property assets and the adequacy of the school's depreciation policies.

The governors remain conscious of the highly competitive market for independent education and also remain mindful of the further additional challenges the sector faces such as the impact on future costs as a result of increases in Teachers' Pension Fund contributions, continuing uncertainty over the impact of BREXIT on those pupils coming from Europe, as well as the changing expectations of the Chinese market.

Marketing initiatives and plans to target growth in both UK and overseas pupils have continued alongside continued investment in the school's facilities. Despite the deficit recorded for 2018 and the projected further deficit for 2019, the governors remain positive for the future and confident that the school is moving in the right direction, working hard to reduce costs and remissions and to increase income. Whilst the proposed sale of fields for housing, has been agreed, the land will not be marketed until the 2019/20 academic year. Net sale proceeds are to be reinvested in improvements to school facilities, including community access and this provides the governors with further reassurance on the school's future outlook.

The operational result projected for 2019, including the further investment in facilities means that the school anticipates a breach of its detailed banking covenants for the year ended 31 August 2019 however discussions with Barclays Bank PLC are in progress. Secured overdraft facilities have been confirmed through to 31 October 2019 and discussions are on-going with governors with a view to agreeing facilities beyond this date. As detailed more fully in the governors' report, the governors are confident that longer term facilities will be agreed with the school's bankers.

In view of this and taking account of detailed projections and cashflow forecasts as well as certain other funding available, the governors remain comfortable that the school has adequate resources to continue in operational existence for the foreseeable future and as such they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

For further detail see note 16.

1.2 Basis of preparation of financial statements

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Saint Felix Schools meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

SAINT FELIX SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.3 Company status

The company is a company limited by guarantee, incorporated in the United Kingdom. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 Fees and similar income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 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 company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

SAINT FELIX SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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 | - | 0% pa |
| Building services plant | - | 5% pa |
| Motor vehicles, tractors, grounds equipment, computer and ancillary equipment | - | 20% pa |
| Other furniture and equipment | - | 10% pa |
| Computer equipment | - | 20% / 12.5% pa |

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account. An up to date valuation of the freehold property was obtained as part of the refinancing of bank facilities following the year end. This valuation has provided the governors with further assurance that there is no impairment of the school's freehold properties.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

SAINT FELIX SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Pensions

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The Charity also contributes to a defined contribution scheme for non-teaching staff.

1.15 Finance costs of debt

The finance costs of debt, including interest and issue costs, are allocated to each period over the term of the debt, and are charged to the income and expenditure account at a constant rate on the outstanding amount.

1.16 Advance fees scheme

The school offers parents the opportunity to pay for tuition fees in advance in accordance with a written contract. The amount received is invested and interest is accrued to contracts. This is treated as deferred income until the pupil joins the school whereupon the fees for each school term is charged against the remaining balance and taken to income.

SAINT FELIX SCHOOLS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. Net income/(expenditure)

This is stated after charging:

| | 2018 £ | 2017 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: - owned by the charity | 50,377 | 67,237 |
| Auditors remuneration (all audit related) | 11,000 | 7,985 |
| Amounts payable under operating leases | 26,645 | 25,042 |
| | <u> </u> | <u> </u> |

3. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 2,306,187 | 2,269,698 |
| Social security costs | 188,114 | 184,320 |
| Other pension costs | 211,343 | 211,493 |
| | <u> </u> | <u> </u> |
| | <u>2,705,644</u> | <u>2,665,511</u> |

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

| | 2018 No. | 2017 No. |
|--------------------|-------------------|-------------------|
| Tuition | 71 | 71 |
| Non Teaching Staff | 47 | 48 |
| | <u> </u> | <u> </u> |
| | <u>118</u> | <u>119</u> |

The number of higher paid employees was:

| | 2018 No. | 2017 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1 | 1 |

Employer pension contributions to money purchase scheme in relation to higher paid employees totalled £10,603 (2017 - £10,616).

Key management personnel received remuneration during the year totalling £238,317 (2017: £235,501).

SAINT FELIX SCHOOLS
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. School Fees

| | 2018 £ | 2017 £ |
|--------------------------------------|------------------|------------------|
| Gross fees | 5,034,004 | 4,951,078 |
| Less: Total bursaries and remissions | (1,496,762) | (1,234,665) |
| | <u>3,537,242</u> | <u>3,716,413</u> |

5. Income from donations and legacies

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 6,116 | - | 6,116 | 1,744 |
| | <u>6,116</u> | <u>-</u> | <u>6,116</u> | <u>1,744</u> |
| <i>Total 2017</i> | <u>1,744</u> | <u>-</u> | <u>1,744</u> | |

6. Investment income

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-----------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings income | 93,887 | - | 93,887 | 63,723 |
| Bank interest received | 8,651 | - | 8,651 | 1,304 |
| Diana Russell Fund interest | - | - | - | 187 |
| | <u>102,538</u> | <u>-</u> | <u>102,538</u> | <u>65,214</u> |
| <i>Total 2017</i> | <u>65,027</u> | <u>187</u> | <u>65,214</u> | |

SAINT FELIX SCHOOLS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. Income from charitable activities

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Fee Income | 3,537,242 | - | 3,537,242 | 3,708,101 |
| Other Educational Income | 111,345 | - | 111,345 | 125,177 |
| School shop income | 39,087 | - | 39,087 | 32,962 |
| | <u>3,687,674</u> | <u>-</u> | <u>3,687,674</u> | <u>3,866,240</u> |
| <i>Total 2017</i> | <u>3,866,240</u> | <u>-</u> | <u>3,866,240</u> | |

8. Governance costs

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-----------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Governance Auditors' remuneration | 11,000 | - | 11,000 | 7,985 |
| Legal and professional | 29,493 | - | 29,493 | 31,898 |
| Governors and head expenses | 1,802 | - | 1,802 | 980 |
| | <u>42,295</u> | <u>-</u> | <u>42,295</u> | <u>40,863</u> |

SAINT FELIX SCHOOLS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. Analysis of Expenditure by expenditure type

| | Staff costs 2018 £ | Depreciation 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|----------------------------------|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Financing | - | - | 60,730 | 60,730 | 50,571 |
| Trading Costs | - | - | 23,427 | 23,427 | 28,646 |
| Development | - | - | 51,898 | 51,898 | 45,644 |
| Costs of raising funds | - | - | 136,055 | 136,055 | 124,861 |
| Teaching | 1,903,149 | 50,376 | 81,147 | 2,034,672 | 2,068,544 |
| Welfare | 243,242 | - | 281,632 | 524,874 | 437,998 |
| Premises | 144,547 | - | 451,336 | 595,883 | 585,021 |
| Support costs and governance | 412,158 | - | 267,761 | 679,919 | 688,182 |
| Grants, awards and prizes | - | - | 8,398 | 8,398 | 3,130 |
| Other Ancillary Income | 2,548 | - | - | 2,548 | 4,025 |
| Charitable activities | 2,705,644 | 50,376 | 1,090,274 | 3,846,294 | 3,786,900 |
| Expenditure on governance | - | - | 42,295 | 42,295 | 40,863 |
| | 2,705,644 | 50,376 | 1,268,624 | 4,024,644 | 3,952,624 |
| <i>Total 2017</i> | <i>2,665,511</i> | <i>67,237</i> | <i>1,219,876</i> | <i>3,952,624</i> | |

SAINT FELIX SCHOOLS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. Tangible fixed assets

| | Freehold land and buildings £ | Plant and machinery £ | Fixtures and fixtures £ | Total £ |
|-----------------------|--|-----------------------------|----------------------------------|------------------|
| Cost | | | | |
| At 1 September 2017 | 3,045,093 | 1,542,831 | 1,010,840 | 5,598,764 |
| Additions | 30,357 | 5,145 | 92,484 | 127,986 |
| At 31 August 2018 | <u>3,075,450</u> | <u>1,547,976</u> | <u>1,103,324</u> | <u>5,726,750</u> |
| Depreciation | | | | |
| At 1 September 2017 | - | 1,407,475 | 959,588 | 2,367,063 |
| Charge for the year | - | 24,928 | 25,449 | 50,377 |
| At 31 August 2018 | <u>-</u> | <u>1,432,403</u> | <u>985,037</u> | <u>2,417,440</u> |
| Net book value | | | | |
| At 31 August 2018 | <u>3,075,450</u> | <u>115,573</u> | <u>118,287</u> | <u>3,309,310</u> |
| At 31 August 2017 | <u>3,045,093</u> | <u>135,356</u> | <u>51,252</u> | <u>3,231,701</u> |

A third party property valuation was also carried out in August 2017, valuing the school's grounds, buildings and facilities at £6 million.

11. Subsidiary

The charity has 100% control of a dormant subsidiary, Felicity (Southwold) Limited. The company has net assets of £2.

12. Stocks

| | 2018 £ | 2017 £ |
|-------------|---------------|---------------|
| Uniforms | 21,059 | 31,410 |
| Heating oil | 7,726 | 3,269 |
| | <u>28,785</u> | <u>34,679</u> |

SAINT FELIX SCHOOLS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|----------------|
| School Fees | 170,669 | 200,024 |
| Other debtors | 1,678 | 907 |
| Prepayments and accrued income | 17,037 | 55,037 |
| | <u>189,384</u> | <u>255,968</u> |

14. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|--------------------------------------|------------------|------------------|
| Bank and other secured loans | 63,204 | 955,167 |
| Bank overdrafts | 50,936 | - |
| Advanced fee scheme | 216,711 | 156,452 |
| Trade creditors | 63,737 | 46,811 |
| Fees from parents in advance of term | 679,388 | 702,983 |
| Deposits from parents | 329,238 | 269,909 |
| Other creditors | 26,790 | 21,362 |
| Accruals and deferred income | 75,745 | 54,148 |
| | <u>1,505,749</u> | <u>2,206,832</u> |

Details of the charity's secured loans are included in note 16.

15. Advanced Fee Scheme

Parents may enter into a contract to pay to the school tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one terms notice. Assuming pupils will remain in the school, advance fees will be applied as follows.

| | 2018 £ | 2017 £ |
|---------------------|----------------|----------------|
| Within 2 to 5 years | 14,837 | 38,347 |
| Within 1 to 2 years | 71,739 | 44,781 |
| Within 1 year | 130,135 | 73,324 |
| | <u>216,711</u> | <u>156,452</u> |

The total balance represents the accrued liability under the contracts.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

Summary of movements in liability

| | 2018 | 2017 |
|------------------------------|-----------------|-------------|
| | £ | £ |
| Balance at 01 September 2017 | 156,452 | 197,445 |
| New contracts | 124,045 | 68,550 |
| Repayments used to pay fees | (63,786) | (109,543) |
| Balance at 31 August 2018 | 216,711 | 156,452 |

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

| | 2018 | 2017 |
|--------------------|----------------|-------------|
| | £ | £ |
| Other secured loan | 992,934 | 70,000 |

Included within the above are amounts falling due as follows:

| | 2018 | 2017 |
|-----------------------------------|----------------|-------------|
| | £ | £ |
| Between two and five years | | |
| Other secured loan | 992,934 | 70,000 |

A secured loan of £70,000 from the Isabella Gardiner Trust was agreed in 2015, falling due to be repaid within 5 years. It may be re-paid early, however, no re-paid amounts may be re-borrowed. The school paid £2,800 interest on the loan this year. The interest rate charged on this debenture is 2.5% above the Bank of England base rate.

The School refinanced its bank borrowings during the year with all amounts due to HSBC being repaid following the agreement with Barclays Bank of a £1,000,000 5 year term loan (interest 2.8% above bank base rate) and subsequently a further overdraft facility of £300,000 with all borrowings secured by a charge on the School's assets.

Bank facilities are agreed until 31 October 2019 with facilities beyond that date currently subject to review and further discussion. Taking into account current discussions with Barclays, together with other trust funding available, the governors consider that adequate funding will be in place by 31 October and for the foreseeable future.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Statement of funds

Statement of funds - current year

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Balance at 31 August 2018 £ |
|---------------------------|---|------------------|--------------------|--------------------------------------|
| Unrestricted funds | | | | |
| Other General funds | 1,277,693 | 3,796,328 | (4,024,644) | 1,049,377 |
| Restricted funds | | | | |
| Other Restricted funds | 96,000 | - | - | 96,000 |
| Total of funds | 1,373,693 | 3,796,328 | (4,024,644) | 1,145,377 |

The Diana Russell Fund is used to provide awards to one or more children annually. The investment income generated by the Fund is transferred to unrestricted funds to be used by the School to enable gifted children to study design and technology, by contributing up to 50% of the annual fees for each child. The School, at its discretion, can apply an amount of the capital of the Fund each year to enable larger awards to be given where the School thinks its appropriate.

£Nil of interest was earned by the Fund and was also transferred to unrestricted funds (2017: £187).

Statement of funds - prior year

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Balance at 31 August 2017 £ |
|----------------------------------|--|-------------|------------------|--------------------------|--------------------------------------|
| General Funds - all funds | 1,297,120 | 3,933,011 | (3,952,624) | 187 | 1,277,694 |
| Restricted funds | | | | | |
| Diana Russell Fund | 96,000 | 187 | - | (187) | 96,000 |
| | 96,000 | 187 | - | (187) | 96,000 |

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**NOTES TO THE FINANCIAL STATEMENTS
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Summary of funds - current year

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Balance at 31 August 2018 £ |
|------------------|---|------------------|--------------------|--------------------------------------|
| General funds | 1,277,693 | 3,796,328 | (4,024,644) | 1,049,377 |
| Restricted funds | 96,000 | - | - | 96,000 |
| | <u>1,373,693</u> | <u>3,796,328</u> | <u>(4,024,644)</u> | <u>1,145,377</u> |

Summary of funds - prior year

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Balance at 31 August 2017 £ |
|------------------|--|------------------|--------------------|--------------------------|--------------------------------------|
| General funds | 1,297,120 | 3,933,011 | (3,952,624) | 187 | 1,277,694 |
| Restricted funds | 96,000 | 187 | - | (187) | 96,000 |
| | <u>1,393,120</u> | <u>3,933,198</u> | <u>(3,952,624)</u> | <u>-</u> | <u>1,373,694</u> |

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 3,309,310 | - | 3,309,310 |
| Fixed asset investments | 2 | - | 2 |
| Current assets | 238,748 | 96,000 | 334,748 |
| Creditors due within one year | (1,505,749) | - | (1,505,749) |
| Creditors due in more than one year | (992,934) | - | (992,934) |
| | <u>1,049,377</u> | <u>96,000</u> | <u>1,145,377</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

| | <i>Unrestricted funds 2017 £</i> | <i>Restricted funds 2017 £</i> | <i>Total funds 2017 £</i> |
|-------------------------------------|--|--|---------------------------------------|
| Tangible fixed assets | 3,231,701 | - | 3,231,701 |
| Fixed asset investments | 2 | - | 2 |
| Current assets | 322,823 | 96,000 | 418,823 |
| Creditors due within one year | (2,206,832) | - | (2,206,832) |
| Creditors due in more than one year | (70,000) | - | (70,000) |
| | <u>1,277,694</u> | <u>96,000</u> | <u>1,373,693</u> |

19. Pension commitments

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis — these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was

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FOR THE YEAR ENDED 31 AUGUST 2018

19. Pension commitments (continued)

published by the Department on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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19. Pension commitments (continued)

Defined contribution pension scheme

The school also contributes to a defined contribution pension scheme for some of the school's non-teaching employees. The assets of the scheme are held separately from those of the school in independently administered funds.

The total pension cost charge represents contributions payable by the school to both schemes and amounted to £ (2017: £340,372).

20. Operating lease commitments

At 31 August 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

| | 2018 | 2017 |
|-------------------------|---------------|---------------|
| | £ | £ |
| Amounts payable: | | |
| Within 1 year | 26,645 | 24,389 |
| Between 1 and 5 years | 53,040 | 13,791 |
| Total | 79,685 | 38,180 |

21. Related party transactions

The following governors were all parents or grandparents of pupils at the school during the year.

Dr J Kelly
Mr J W Whyte
Mr G Hillier
Dr L W Dawson
Mrs S Hill
Mr R Stephens
Mr R Wise

All school fees are charged at the rates available to all students, with no additional discounts given to governors. All related party transactions are carried out at arms length and under normal commercial terms.

During the year, no Governors received any remuneration or benefits in kind (2017: Nil). Governors received reimbursements of expenses totalling £1,661 (2017: £794).

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

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (228,316) | (19,426) |
| Adjustment for: | | |
| Depreciation charges | 50,377 | 67,237 |
| Dividends, interest and rents from investments | 39,467 | 46,004 |
| Decrease/(increase) in stocks | 7,014 | (1,266) |
| Decrease/(increase) in debtors | 66,584 | (55,384) |
| Increase in creditors | 180,731 | 110,522 |
| Net cash provided by operating activities | 115,857 | 147,687 |

23. Analysis of cash and cash equivalents

| | 2018 £ | 2017 £ |
|--------------|-----------|-----------|
| Cash in hand | 116,579 | 128,175 |
| Total | 116,579 | 128,175 |