

REGISTERED COMPANY NUMBER 926692

REGISTERED CHARITY NUMBER 526615

**WESTHOLME SCHOOL LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**



**WESTHOLME  
SCHOOL**

THURSDAY



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**WESTHOLME SCHOOL LIMITED**

**ANNUAL REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS**

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**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**WESTHOLME SCHOOL LIMITED****ANNUAL REPORT OF THE GOVERNORS****GOVERNORS, OFFICERS, ADVISERS, AND OTHER INFORMATION****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**GOVERNORS**

The Governors of Westholme School ("the School") are the School's charity trustees under charity law and the directors of the charitable company. The members of the Governing Body who served in office as Governors during the year and subsequently are set out below.

B C Marsden	1, 2, 3, 4, 5, 6, 7, 8	Chairman	
P G Forrest	2, 3, 4, 6, 8	Vice Chairman	
M Abraham	5, 8		
K J Ainsworth			Resigned 28 November 2016
Mrs J V Ashcroft	1, 4, 5		
D J Berry	1, 2, 7		
Mrs A Booth	2, 3, 4		
His Honour E Slinger			
J R Yates			
Mrs J Meadows	1, 7		
J Backhouse	3, 4, 8		
S Anderson	1, 4, 7, 8		
R Dobrashian	3		Appointed 28 November 2016

1. Finance Committee
2. Buildings Committee
3. Risk Management Working Party
4. Marketing and Development Committee
5. Education and Curriculum Committee
6. Remuneration Committee
7. IT Committee
8. Strategy Steering Group

During the year, the activities of the Governing Body were carried out through the eight committees and groups.

**OFFICERS**

J Backhouse                      Company Secretary and Clerk to the Governors

**KEY MANAGEMENT PERSONNEL**

Mrs L M Horner	Principal
Mrs V J Davenport	Commercial Director
Mrs R Barnett	Head of Infant and Junior Schools

**ADVISERS**

Auditors	Beever & Struthers Statutory Auditors Chartered Accountants Central Buildings Richmond Terrace Blackburn BB1 7AP
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**WESTHOLME SCHOOL LIMITED**

**ANNUAL REPORT OF THE GOVERNORS**

**GOVERNORS, OFFICERS, ADVISERS, AND OTHER INFORMATION**

**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**ADVISERS (continued)**

Bankers                      National Westminster Bank plc  
                                    35 King William Street  
                                    Blackburn  
                                    BB1 7DL

Solicitors                    Backhouse Jones Solicitors  
                                    The Printworks  
                                    Hey Road  
                                    Clitheroe  
                                    Lancashire  
                                    BB7 9WD

Investment Managers      Close Brothers  
                                    80 Moseley Street  
                                    Manchester  
                                    M2 3FX

**REGISTERED NUMBERS**

Company number          926692 (England and Wales)

Charity number            526615

**WEBSITE**

[www.westholmeschool.com](http://www.westholmeschool.com)

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## **WESTHOLME SCHOOL LIMITED**

### **ANNUAL REPORT OF THE GOVERNORS**

**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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The Governors of Westholme School Limited present their annual report under the Charities Act 2011, for the year ended 31 August 2017, including the Directors' and Strategic Reports, under the Companies Act 2006, together with the audited accounts for the year.

#### **REFERENCE AND ADMINISTRATIVE INFORMATION**

Westholme School Limited is a charitable company, founded in 1968, and a company limited by guarantee with the liability of its members limited to £1 each. The Registered Office and principal address of the Company is at Meins Road, Blackburn, Lancashire BB2 6QU.

#### **STRUCTURE, GOVERNANCE, AND MANAGEMENT**

The Governing documents are the Memorandum and Articles of Association dated 1 February 1968 and as amended by Special Resolution dated 26 June 1995.

The management and control of the Company, including determination of strategy, is vested in a voluntary Governing Body. Governors are selected to ensure a good spread of professional and educational expertise on the Board. Every three years, one third of the Governing body must retire. Governors can apply for re-election.

The power to propose and appoint new governors is vested in the governing body. Governors are recruited and appointed following a regular assessment by the Board of its needs over the range of professional and education proficiencies.

All new Governor appointments are inducted by the Chairman and the Clerk, issued with the necessary background documentation, DBS (Disclosure and Barring Scheme) checked and offered vacancies on AGBIS (Association of Governing Bodies of Independent Schools) courses and seminars following current AGBIS guidelines.

The Governors, as the charity trustees of the School, are legally responsible for the overall management and control of the School, and meet regularly as a Board (usually at least 4 times per year). There are regular sub-Committee meetings each term which deal with specific strategic issues to feed back to the main Board for discussion.

The Governors encourage Westholme School to co-operate with many local charities in its ongoing endeavours to widen public access to the School, to optimise the educational use of its cultural and sporting facilities and to awaken in its pupils, in the public interest, an awareness of the social context of the all-round education they receive at the School. The list of activities demonstrating this is quite extensive and up-to-date details can be found on the School website under Information - Charitable Status.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Principal, the Commercial Director and Head of the Infant and Junior Schools, as the key management personnel, who, in turn, are supported by their Senior Management Teams. The Principal, Commercial Director and Head of the Infant and Junior Schools attend all meetings of the Governing Bodies Committees.

The remuneration of the key management personnel is set by the Board, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the School's success. The remuneration policy is periodically reviewed and includes reference to comparisons with other independent schools as well as appropriate state sector organisations to ensure that the School remains in touch with the wider environment of pay and employment conditions.

The aim is to recruit the most appropriately talented candidates that best fit the specification of the key management personnel position, at competitive rates, and to provide scope to reward excellence when in post.

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## **WESTHOLME SCHOOL LIMITED**

### **ANNUAL REPORT OF THE GOVERNORS**

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Delivery of the School's charitable vision and objects is primarily dependent upon our key management personnel and employment cost is our largest single charitable expense.

#### **GROUP STRUCTURE**

There is a wholly owned non-charitable subsidiary company, Westholme Promotions Limited, which accounts for the income from and the expenses of non-curricular school trips and other miscellaneous school activities, which may be regarded as being outside the main charitable objects. Any surplus from Westholme Promotions Limited at the financial year-end is returned to the main school account by means of a Gift Aid payment whilst any deficit is funded.

#### **OBJECTS, AIMS, AND ACTIVITIES**

##### **CHARITABLE OBJECTIVES**

The Objects of the Company are set out in its Memorandum and Articles of Association dated 1 February 1968 and as amended by Special Resolution dated 26 June 1995. These are in general to advance education for the public benefit by the provision of a school. The School's operation is based on Christian principles and respects the culture, background and needs of all its pupils.

In the furtherance of the School's objects for the public benefit, the Governors have, amongst other things, established bursaries, awards, and scholarships. Being mindful of the long-standing need to provide public benefit and of the requirements of the Charities Act 2011, the Governors, as the charity trustees, have complied with the duty in section 17 of The Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

##### **MISSION STATEMENT**

The mission of the School is to provide a high-quality education for pupils up to the age of 18, in a caring, family community, bringing out the best in every child through extensive learning opportunities, promoting intellectual curiosity through inspirational, innovative teaching, creating lifelong learners and developing global citizens with a strong moral compass who are confident, compassionate, aspirational, and adaptable.

##### **INTENDED IMPACT**

The intention is to develop broader skills that enable every pupil to realise his or her potential to the full. This involves an emphasis on the co-curriculum through cerebral, sporting, artistic, creative, social and team skills. This policy builds self-confidence and life skills in our pupils and inculcates a desire to learn and a willingness to contribute to the wider community whilst at school and in later life.

##### **AIMS**

The School's aims for the public benefit are:

1. To establish the School as a day school with strong and active partnerships between parents and the School and between the local community and the School;
2. To offer pupils a wide range of opportunities so that they can achieve to the best of their ability within a community framework of mutual respect, shared values, and shared standards of behaviour; and
3. To value, respect, and nurture pupils as individuals, giving them a strong sense of self-esteem and of the value of service to others so that they are prepared for life beyond school.

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**WESTHOLME SCHOOL LIMITED****ANNUAL REPORT OF THE GOVERNORS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)****PRIMARY OBJECTIVES**

There are three main objectives:

1. Recruitment of appropriate numbers of pupils who can benefit from the School's mission in a suitably resourced environment;
2. *Pupil achievements and progress at a level of excellence comparable to the best in the country;*
3. The generation of funds and resources sufficient to support the continued achievement of the School's mission, including enabling children to attend whose financial circumstances might not otherwise allow.

**STRATEGY TO ACHIEVE THE PRIMARY OBJECTIVES**

Over recent years, the Governors have focussed on ensuring that the School's offering is highly attractive to potential pupils and their parents. Operating costs have been well controlled ensuring that fee levels can remain at competitive levels and cash can be generated to facilitate continued investment in the School's excellent facilities. Alongside a rigorous focus on academic achievement we have also ensured that parents and pupils remain attracted to what the School offers.

This approach has meant that, despite cost pressures arising from changes in the level of funding of teachers' pensions, increased national insurance costs, the impact of the living wage and rising utility prices, fee increases during the year have been minimised and pupil levels through the year have been increased into the 2017/18 year.

During the year to August 2017, the School completed phase two of the development of improved catering facilities at the Infant School aimed at improving the variety of catering offered as well as improving the efficiency of movement of food stocks around the three school sites. The changes reflect the fact that a growing number of the School's younger pupils, in nursery and preschool, are with us for 50 weeks a year.

As reported elsewhere, the school has enjoyed improved results in public examinations as well as improved levels of value-added, reflecting greater individual achievement when compared to expected levels of achievement.

Higher levels of fee support for an increased level of pupils have also been committed during the year.

**PRINCIPAL ACTIVITY**

The Company's principal activity, as specified in the Memorandum of Association, is to advance education for the public benefit by the provision of a school.

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## **WESTHOLME SCHOOL LIMITED**

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#### **PUBLIC BENEFIT**

Westholme School remains committed to providing public benefit in accordance with its founding principles and current vision. The School provided first class education for over 800 pupils this year, at no cost to the UK Treasury or Local Authority.

The rewarding of bursaries and other financial support for those unable to afford the School's fees is one measure of providing public benefit. In 2016/17 Governors' Bursaries totalling £163,147 (2016: £155,764) were awarded to 55 (2016: 55) pupils who otherwise would not have benefited from the excellent education and facilities on offer at Westholme. Foundation Bursaries of £55,400 (2016: £53,472) were also awarded and these covered 100% of fees, plus lunches and a one-off contribution towards start-up costs such as school uniforms.

During the year, 5 (2016: 5) pupils were in receipt of Foundation Bursaries, and others will be awarded as funds are raised. All Bursaries are means-tested and only awarded after completion and review of a common application form and within budgetary constraints. Further details on bursaries are available on the School website ([www.westholmeschool.com](http://www.westholmeschool.com)).

In addition to bursaries, the School has engaged in other activities that provide benefit to the public within the School's objectives. The School shares its facilities and expertise with community organisations wherever possible. This has included hosting local sports tournaments, a Safeguarding conference for over 100 professionals from the county and Public Speaking Competitions. We share educational partnerships with local nurseries with specialist sports teaching provided free of charge. The provision of the School's facilities to local community groups and charities such as Age UK and free use of facilities was shared with the local Adoption services for their annual family event. A number of staff volunteer as governors for local state schools, sharing their expertise and giving support. These and other smaller scale activities undoubtedly provide enrichment and support for the local community.

Fund raising for charity and raising awareness are an important part of the School ethos. Funds were raised and donations made throughout the year at Infant, Junior and Senior Schools to local and National charities including the Fair Trade Association, The Royal British Legion, Testicular Cancer, Macmillan Cancer Research, Free Tibet, Operation Christmas Child, Barnardo's, The Salvation Army, Blackburn with Darwen Foodbank, HeadSmart, Caudwell Lyme Disease and Children in Need.

Performing Arts are a significant strength of the School and, in addition to several concerts open to the public and lunchtime Carols at Blackburn Cathedral, younger pupil groups have provided festive entertainment at local Residential Homes and more than 20 different local schools attend drama productions, author visits, educational lectures (Spanish, History, and Geography) and a Higher Education Fair and focused Law Day. We also sponsored the local Blackburn with Darwen business HIVE awards and the Choir performed at the presentation ceremony.

The School supports actively the attainment of high standards of education and individual achievement recognising the value of service to others in our local region and beyond. Through active interaction with local schools and Blackburn with Darwen Council, staff and students have played a major role in the compilation of the Peace Charter – a shared vision of tolerance and respect within our community. We emphasise to all pupils the importance of equality and the social context of the all-round education they receive at the School.



## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

The Governors are pleased to report another successful year.

#### **Senior School**

During the year, the average number of pupils, including children who attend the nursery, was 792 (2016: 778).

In public examinations, due to national reforms, year on year comparisons for GCSE and A Level are not reliable and AS examinations were not taken in all subjects. However, we are pleased to report excellent results. At Advanced Level 77% (2016: 65%) of all grades at A\* and B level with 96% of students securing their first or second choice University with 23 subjects boasting a 100% pass rate. At GCSE level, the overall pass rate was 96% (2016: 96%) with more than 45% of all pass grades A\*/A. In comparison with national statistics A\*/A 9-7 we secured 38% compared with 20% and 93% B/C 6-4 much higher than the national average of 67%. Reformed English and Maths GCSE, with the new specifications and numeric grades, achieved their best overall results in 5 years. Using standardised baseline data compared to final outcomes, overall, the school on average added one grade at GCSE and half a grade at A Level which is an outstanding achievement.

Excellent academic results across the board were supported by fine achievements in national academic competitions such as continued success in the UK Mathematics Challenge. A team of three Year 12 students competed in the regional heats of the Royal Society of Chemistry Schools' Analyst Competition held in April becoming the North-West champions. This was a fantastic achievement as the standard of competition was extremely high. The team went on to compete against the 19 other regional winners in the national finals as one of the top 20 schools in the country. This was a tremendous experience for the students involved.

The rich co-curricular life of music, sport, drama, and trips enriches the academic and personal development of every pupil. Trips and visits are a core feature of the School's ethos, fostering self-esteem and confidence. Overseas visits and fieldwork strongly support the curriculum including trips to Iceland and all over the UK for fieldwork, skiing to Austria, language exchange to Germany and activity trips to France, Spain, and Cumbria. The Duke of Edinburgh Award Scheme is highly successful with 120 students involved during the year at all levels of the Award. 39 students received the Bronze award, 2 completed Silver and 2 achieved the prestigious Gold Award. The combination of following a skill, a physical activity, community service and completing an expedition fulfil many of the aspirations embodied in our aims and vision.

Sport continues to flourish with team games and individual activities completing a rich offering for boys and girls. Westholme has a policy of sport for all and there are teams in every year group for a variety of sports with notable success in local weekly competitions and regular weekend fixtures further afield. More than 40 students continue to represent the county or region in 13 different sports with a small number achieving national success. Westholme are U14 Lancashire badminton champions whilst the U16 netball team represented Lancashire in the North-West regional finals. The hockey teams won all the Blackburn with Darwen tournaments both indoor and outdoor and the junior swimming team reached the national finals. The U13 girls' athletics team were county finalists and the U14 girls' rounders team were town champions and represented Blackburn at the Lancashire school games. The U14 boys' running team are the Blackburn with Darwen town cross country champions and the U13 boys' football team were the Shrewsbury plate winners. The boys' U14 swimming team are also the boys' town swimming champions.

Westholme gives high priority to the performing and creative arts. Academic results in Art, Design Technology, Music, and Drama are excellent. The Senior Chamber ensemble won Choir Class at the Burnley Festival of Music; they were given a Distinction mark of 89% with many compliments from the Adjudicator. They also performed at the prestigious HIVE awards ceremony in King George's Hall, Blackburn to great acclaim. The Choir comprising of 53 students and 7 members of staff completed a highly successful tour with 2 public performances in Italy. Across the school over 20 musical groups run as part of the co-curricular

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programme and students are successful in the Trinity Music Examinations; 98 took exams with 2 students gaining Grade 8.

**STRATEGIC REPORT (continued)****ACHIEVEMENTS AND PERFORMANCE (continued)**

In LAMDA, 88 students took exams; 7 students gained Grade 8 (6 with distinction, 1 with merit). As well as the drama showcase in November and a range of concerts, performing arts reached a high point with a tremendously successful production of West Side Story in July. Artwork by Westholme students is displayed in BMI's Beardwood Hospital, Blackburn Chemicals and the annual summer Art Exhibition demonstrates the depth of talent in a wide range of media including photography, sculpture, and painting. Gallery visits, workshops, textile fashion show and 3D design complete a range of creative opportunities for students of all ages to develop their skills and deepen their knowledge.

Personal development remains a key focus for the school. The theme for the year across all phases was Healthy Minds and Wellbeing and this incorporated a wide range of activities, fundraising and focussed events that reflected our school motto 'mens sana in corpore sano.' Careers events, lectures, visits, and presentations from visiting speakers enrich the life and educational experience for pupils to learn about the law, first aid, safe driving, mental health, online safety, study skills, mindfulness and much more besides.

**Junior, Infant, and Nursery Schools**

The activities, highlights and successes were many and serve as a further testament to our commitment to deliver high-quality, far-reaching education both in and out of the classroom. Sports fixtures, galas, sports tours, performances, activities, and academic trips are embedded into the programme and shared with parents via a colourful weekly newsletter.

Highlights have been interactive visitors such as the History Man; The Royal Institute of Science lecturers; authors such as Clare Balding and Jessica Ennis Hill; experiences such as Bamboo Tamboo and African drumming; a French Trip and history visits to Quarry Bank and Judges Lodgings have served to enrich our curriculum. Other excursions have taken place just for fun and to build confidence, resilience, a sense of achievement, or merely to inspire dreams, these include those to Hollingworth Lake, Patterdale, Lockerbie and the Christmas trip to watch Pinocchio.

Cross site collaboration has grown with Primary and Infant children coming together to celebrate or focus on specific curriculum areas or to raise money. We have celebrated World Book Day, Respect Day, The Big Read, Fitness Friday (raising money for Children in Need) and, most recently, Number Day exploring all things mathematical. Within both sites we have focused on wellbeing, mindfulness, and resilience throughout the year.

The School has been filled with the dramatic and musical arts, with all children learning at least one musical instrument, LAMDA, Nativity Plays, the joint Year 3 and 4 play, 'From 'Rags to Riches', the Year 6 play 'Peace Child' and the spectacular Musical evening. Other musical performances of note were showcased during Harvest Festival, the Cathedral carol services and the Year 3 and 4's performance in 'Sing Together' with 10 other primary schools at King George's Hall. Within the Infant and Junior schools every child has appeared on stage, sung, or performed to an audience from Nursery to Year 6. This year we have been proud to extend our instrumental Music lessons provision to Year 2 in Infants.

Children at Westholme have also taken part in a range of clubs such as Table Tennis, Scrabble Club, LAMDA, French Club, dance, Ballet and Sudoku to name just a few and a range of sports clubs to give children a great breadth of opportunities. On the sporting front, the fixture list has grown with tournaments in cricket, rounders, hockey, athletics, rugby, football, cross country, tennis, indoor sports hall, swimming, and netball. They competed in over 120 games, tournaments, and events during the academic year.

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**WESTHOLME SCHOOL LIMITED****ANNUAL REPORT OF THE GOVERNORS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**STRATEGIC REPORT (continued)****ACHIEVEMENTS AND PERFORMANCE (continued)**

There have been some excellent individual sporting performances at a high level and team success too. Our boys' Under 11 swim team reached the National Finals, making our boys' relay team one of the best in the country; Year 3 and 4 tennis teams represented Blackburn in the Lancashire Games, and Under 11s made the semi-finals in the Westholme football cup and AJIS rugby festival. They were also proud winners of the Magowan Cup. In girls' sport, Under 11 and Under 10 girls' hockey teams reached the AJIS semi-finals and won all 3 Blackburn Primary cross country meets, with the combined girls and boys team getting second place.

Looking beyond our classrooms walls, we supported a wide range of causes throughout the year raising money for several charities including Save the Children, Children in Need, Red Nose Day, Age UK, Jeans for Genes, and Macmillan Cancer Support. We bought a cow for a family in Africa, donated to the Blackburn Food Bank through our Harvest Festival Celebration in Silas Church, and raised money for Barnardo's.

**FUNDRAISING PERFORMANCE**

A modest number of donors have continued to support both Bursary and Capital funds, although the School has not exercised a proactive approach through a new campaign this year. We are examining ways to continue to further support both important aspects of the School's future fundraising requirements; the enhancement of facilities and the provision of places to those who cannot afford the fees remain important strategic aims.

**FINANCIAL REVIEW**

As the School is a charity the parents of our pupils gain assurance that the income of the School is applied for educational purposes. As an educational charity Westholme benefits from tax exemption on its educational activities and on investment income and gains provided these are applied for charitable aims. In addition, as is the case with charities generally, the School is also entitled to an 80% reduction on business rates on the property used for charitable purposes. These tax exemptions provide benefits that are all applied for educational purposes and indirectly help to maintain the bursaries and other assistance provided by the School.

However, as an educational Charity Westholme cannot reclaim VAT input tax on the School's costs as School fees are exempt for VAT purposes. The School also pays tax as an employer through national insurance contributions and these amounted to £415,872.

In addition to the very substantial benefits the School brings to pupils, the local community and society through the education on offer, the bursary and community benefits programmes create a social benefit without any cost to the UK Treasury or Local Authority.

The financial statements reflect the School's financial activities, and income and expenditure for the year ended 31 August 2017. The net increase in the funds for the year, before depreciation, exceptional items, and investment gains, amounted to £413,444 (2016: £135,130), whilst the post depreciation, exceptional items and investment gains increase was of £200,013 (2016: £36,397).

All the charity's assets are held for the purpose of the School's objectives.

Movements in Tangible Fixed Assets are shown in the Notes to the Financial Statements.

During the year donations of £64,860 (2016: £41,881) were received. More detail is provided in notes 4 and 21.

The Governors specifically charged £218,547 (2016: £209,236) for the year to bursaries. Additionally, scholarships of £70,629 (2016: £34,887) were awarded.

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## **WESTHOLME SCHOOL LIMITED**

### **ANNUAL REPORT OF THE GOVERNORS**

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There are no individuals, corporations or classes of donors who play a key role upon whose support the charity is financially dependent.

#### **STRATEGIC REPORT (continued)**

##### **RESERVES LEVEL AND POLICY AND FINANCIAL VIABILITY**

The School's short-term reserves policy is to maintain sufficient unrestricted income funds to enable it to meet its short-term financial obligations during each annual operating cycle and in the event of an unexpected revenue shortfall. Its medium and long-term policy is to accumulate sufficient additional funds as adequate cover for longer-term capital expenditure.

The School's unrestricted funds are split between those designated for specific purposes and the general fund set aside for the operational requirements of the school. The designated fund includes amounts invested in school land, buildings and equipment and associated internal funding arrangements. At the end of the year, the unrestricted, designated funds amounted to £8,938,984 (2016: £8,773,144) and the unrestricted undesignated funds ('free reserves') were £712,621 (2016: £704,199). This amount compares against a policy level of £635,000, which would provide cover for up to one month's operating costs. However, the School's financial viability is not wholly dependent upon these income reserves as there is access to significant borrowing facilities to fund short term needs should such need arise.

In the short term, the Governors will continue to focus on increasing the pupil roll, and thus the income, whilst maintaining control of operating costs so that free reserves can be increased to provide some future funding for capital investment.

The Governors do not seek to maintain free reserves in the wholly owned subsidiary.

##### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors consider the impact of economic turbulence of recent years and the affordability of fees by parents across the independent sector to be some of the principal risks faced by the School. In addition, competition from other educational establishments as well as changes to local demographics have impacted the performance of the School.

In detail, the Governors see the principal risks and uncertainties facing the School as follows:

- Competition from other independent schools in the geographic catchment area, including specialist faith schools;
- Competition from improving state school offerings in the geographic catchment area;
- Reduced ability to afford the costs of an independent education amongst the historical target market;
- Demographic changes in the closer marketplace leading to a reduction in the size of the market;
- Increasing operating costs including but not limited to those arising from changes to the funding of teachers' pension costs;
- Political debate concerning the charitable status of the independent school sector.

The Governing Body continues to approach fee setting in a balanced manner so that increased costs are mitigated as much as possible whilst ensuring that the level of fees remains affordable for as many families as possible. The Finance Committee considers regularly updated financial forecasts reflecting expected income streams and costs and consider key sensitivities. These forecasts are used to manage costs within expected income levels and to predict and manage cashflows at key points in the year.

Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the School is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

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**STRATEGIC REPORT (continued)****PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

Detailed consideration of risk is delegated to the Risk Management Working Party, which reports formally to the Governing Body. The structure of the Working Party comprises five members of the Governing 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 that are assessed as high. The generic controls used by the School to minimise risk include:

- Detailed terms of reference, as appropriate, together with formal agendas for Committee and Board activity;
- A five year (2014 – 2019) strategic development plan that is reviewed annually by the Board;
- 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 to protect the vulnerable.

The Governors regularly review the effectiveness of current plans and strategies for managing all identified major risks.

As an independent school, Westholme is accountable to the Department for Education (DfE) through the Independent Schools Inspectorate (ISI). This provides the framework to ensure that policies, procedures, and education are transparent and comparable with all other schools. The last inspection, In April 2016, was a Compliance inspection which focussed on compliance with the standard regulations and a full inspection of the Early Years Foundation Stage (EYFS). The inspection report gives judgements that all the standards were fully met. The EYFS report was very positive and judged that the educational provision for children in Nursery, Pre-School and Reception is good with outstanding features. Copies of inspection reports are available on the School website ([www.westholmeschool.com](http://www.westholmeschool.com)).

**FUTURE PLANS**

The Governors continue to be very aware of the pressures on the market for independent education and have strategies in place to deal with them. These strategies aim to ensure that the School continues to provide a high-quality education for pupils from age 3 months to 18, in a caring, family community, bringing out the best in every child through extensive learning opportunities, promoting intellectual curiosity through inspirational, innovative teaching, creating lifelong learners and developing global citizens with a strong moral compass who are confident, compassionate, aspirational, and adaptable.

The Governors intend to continue their programme of developing the School's facilities in line with the Strategic Review and Business Plan prepared by the Planning Committee and endorsed by the full Board.

Since 31 August 2017, the Governors have announced that, from September 2018, the School will become fully co-educational. At present, the School operates the 'Diamond Model' whereby children of both genders are taught together throughout the Infant School, taught separately through the Junior School and years 7 to 9 in the Senior School, come together for the teaching of GCSE option subjects for years 10 and 11 (core subjects of Maths, English and Sciences are taught separately) and then into a fully co-educational Sixth Form. The decision to move to a fully co-educational model is a result of consideration of a range of factors including the benefits or otherwise of the different gender teaching models, the benefits that co-education provides in preparing young people for today's outside world and modern society, developments in the Education Sector since the Diamond Model was introduced, and, most particularly, the way in which the School has evolved since the introduction of boys to the Senior School in 2012. The Governors strongly believe that the increased flexibility offered by co-education will provide benefits for the children in that class sizes can be more balanced in terms of class dynamic, the 'setting' of children can be better achieved and the use of teaching resource can be more effectively applied. The change will provide beneficial flexibility and does not mean that any of the values

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**WESTHOLME SCHOOL LIMITED****ANNUAL REPORT OF THE GOVERNORS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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or ethos of the School are changed. Westholme will continue to focus on the needs of our children and young people.

**GOVERNORS' LIABILITY INSURANCE**

During the year, the company provided third party liability insurance for its Governors.

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors (who are also directors of Westholme School Limited for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Select suitable accounting policies and 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 company will continue in operation.

The Governors are responsible for keeping proper accounting records that 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

As far as the governors are aware, there is no relevant audit information of which the charitable company's auditor is unaware. Additionally, the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**AUDITORS**

A resolution will be proposed that Beever and Struthers be re-appointed as the company's auditors.

The Report of the Governors was approved by the Governing Body on

27 November 2017

By Order of the Governing Body

  
J Backhouse  
Secretary

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**WESTHOLME SCHOOL LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTHOLME SCHOOL LIMITED****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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We have audited the financial statements of Westholme School Limited "the charitable company" for the year ended 31 August 2017 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes to the consolidated accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 August 2017 and of the group's and parent charitable company's movement in funds, including the group's and the parent 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 UK, including the FRC'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 to you 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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**WESTHOLME SCHOOL LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTHOLME SCHOOL LIMITED****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. 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.

**Opinions 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; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the 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 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 directors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees 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.



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**WESTHOLME SCHOOL LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WESTHOLME SCHOOL LIMITED**

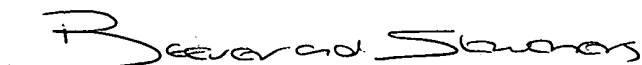
**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**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 web-site at <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.



Suzanne Lomax (Senior Statutory Auditor)

For and on behalf of

**BEEVER AND STRUTHERS**

Statutory Auditor

Central Buildings

Richmond Terrace

Blackburn

BB1 7AP

Date: 27 November 2017

**WESTHOLME SCHOOL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)**

**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

		-----Year Ended 31 <sup>st</sup> August 2017-----				Year Ended 31 <sup>st</sup> August 2016
	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	Total £
<b>Income</b>						
<b>Charitable Activities</b>						
Fees receivable and similar income	2	7,507,055	(55,400)	-	7,451,655	6,951,937
Ancillary income	3	479,222	-	-	479,222	484,714
<b>Other trading activities</b>						
Ancillary income	3	61,443	-	-	61,443	56,759
<b>Voluntary sources</b>						
Donations and legacies	4	2,555	62,305	-	64,860	41,881
<b>Investments</b>						
Rental and hire income	5	9,800	-	-	9,800	9,800
Investment income	6	1,234	2,461	-	3,695	4,708
<b>Total income</b>		<b>8,061,309</b>	<b>9,366</b>	<b>-</b>	<b>8,070,675</b>	<b>7,549,799</b>
<b>Expenditure on:</b>						
<b>Raising funds:</b>						
Bank charges and interest		11,814	-	-	11,814	9,798
Investment management costs		164	504	-	668	560
Bad debt expense		2,958	-	-	2,958	(42,390)
Publicity, marketing, and events		228,614	-	-	228,614	193,603
Fundraising costs		1,485	-	-	1,485	2,658
	7	<b>245,035</b>	<b>504</b>	<b>-</b>	<b>245,539</b>	<b>164,229</b>
<b>Charitable Activities: School Operating Costs:</b>						
Teaching costs		5,080,963	6,085	-	5,087,048	4,940,905
Welfare		608,584	-	-	608,584	573,028
Premises		843,616	-	-	843,616	812,250
Administration		1,090,274	-	-	1,090,274	1,029,822
	7	<b>7,623,437</b>	<b>6,085</b>	<b>-</b>	<b>7,629,522</b>	<b>7,356,005</b>
<b>Total expenditure</b>	7	<b>7,868,472</b>	<b>6,589</b>	<b>-</b>	<b>7,875,061</b>	<b>7,520,234</b>
<b>Net income</b>		<b>192,837</b>	<b>2,777</b>	<b>-</b>	<b>195,614</b>	<b>29,565</b>

**WESTHOLME SCHOOL LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)**

**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

	Note	-----Year Ended 31 <sup>st</sup> August 2017-----				Year Ended
		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	31 <sup>st</sup> August 2016 Total £
<b>Net income</b>		<b>192,837</b>	<b>2,777</b>	<b>-</b>	<b>195,614</b>	<b>29,565</b>
Transfers between funds	20, 21, 22	<b>(18,575)</b>	<b>18,575</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Gains on investment property	12	-	-	-	-	-
Gains on investments	13, 22	-	-	<b>4,399</b>	<b>4,399</b>	<b>6,832</b>
<b>Net movement in funds</b>		<b>174,262</b>	<b>21,352</b>	<b>4,399</b>	<b>200,013</b>	<b>36,397</b>
Funds brought forward at 31 <sup>st</sup> August 2016		<b>9,477,343</b>	<b>-</b>	<b>78,552</b>	<b>9,555,895</b>	<b>9,519,498</b>
<b>Funds carried forward at 31<sup>st</sup> August 2017</b>	20, 21, 22	<b>9,651,605</b>	<b>21,352</b>	<b>82,951</b>	<b>9,755,908</b>	<b>9,555,895</b>

There are no recognised gains and losses other than those passing through the Consolidated Statement of Financial Activities.

None of the School's activities were acquired or discontinued during the current or previous year.

**Note on entity result**

In accordance with paragraph 397 of the Charities SORP 2005, no separate Statement of Financial Activities has been presented for the Charity alone. Total income for the Charity is £8,070,675 (2016: £7,549,799), the net income before transfers and investment gains for the year is £195,614 (2016: £29,565) and the net movement in funds is a £200,013 increase (2016: £36,397).

## CONSOLIDATED AND CHARITY BALANCE SHEET

YEAR ENDED 31<sup>ST</sup> AUGUST 2017

		2017		2016	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		9,969,462		9,960,144
Investment properties	12		200,000		200,000
Investments	13		113,296		106,300
			<u>10,282,758</u>		<u>10,266,444</u>
<b>CURRENT ASSETS</b>					
Debtors	14	99,230		114,963	
Cash in bank and in hand		548,386		298,245	
		<u>647,616</u>		<u>413,208</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	(445,838)		(477,780)	
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>			<u>201,778</u>		<u>(64,572)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,484,536</u>		<u>10,201,872</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(133,037)		(144,768)
<b>ACCRUALS AND DEFERRED INCOME</b>	17		(595,591)		(501,209)
<b>TOTAL NET ASSETS</b>	18		<u>9,755,908</u>		<u>9,555,895</u>
<b>FUNDS</b>					
Unrestricted Funds	20		9,651,605		9,477,343
Restricted Funds	21		21,352		-
Endowment Funds	22		82,951		78,552
			<u>9,755,908</u>		<u>9,555,895</u>

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WESTHOLME SCHOOL LIMITED

COMPANY REGISTRATION NO. 926692

CONSOLIDATED AND CHARITY BALANCE SHEET

YEAR ENDED 31<sup>ST</sup> AUGUST 2017

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The Financial Statements were approved by the Governing Body on

27 November 2017.

Signed on behalf of the Governors:



B C Marsden  
Chairman of the Governing Body

**WESTHOLME SCHOOL LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**

**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

		2017	2016
	Notes	£	£
<b>Net cash inflow from operations</b>	(a)	<b>479,887</b>	<b>137,092</b>
<b>Capital expenditure and financial investment</b>			
Payments for tangible fixed assets	(227,149)	(185,161)	
Payments for Investments	(2,597)	(2,783)	
		<b>(229,746)</b>	<b>(187,944)</b>
<b>Increase/(Decrease) in cash in year</b>	(b)	<b>250,141</b>	<b>(50,852)</b>

**Notes to the Consolidated Cash Flow Statement**

**a. Net cash inflow from operations**

	2017	2016
	£	£
Net income before transfers and investment gains	<b>195,614</b>	29,565
Depreciation	<b>217,830</b>	222,504
Decrease/(increase) in debtors	<b>19,177</b>	(80,879)
Decrease in creditors	<b>(43,672)</b>	(119,186)
Increase in accruals and deferred income	<b>94,382</b>	84,816
Income tax	<b>(3,444)</b>	(5,349)
	<b>479,887</b>	131,471
Taxation received	-	5,621
<b>Net cash inflow from operations</b>	<b>479,887</b>	<b>137,092</b>

**b. Analysis of Changes in Net Funds**

	At 1 <sup>st</sup> September 2016	Cashflow	At 31 <sup>st</sup> August 2017
	£	£	£
<b>Net Cash:</b>			
Cash at bank and in hand	298,245	250,141	548,386
<b>Debt:</b>			
Debts due in less than one year	(16,280)	-	(16,280)
<b>Net Funds</b>	<b>281,965</b>	<b>250,141</b>	<b>532,106</b>

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements.

**1.1. Basis of Accounting**

These financial statements have been prepared on the historical cost accounting rules, as modified to include the revaluation of certain land and buildings, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1<sup>st</sup> 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.

**1.2. Going Concern**

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 12.

**1.3. Basis of Consolidation**

The Charity has one subsidiary company. However, as this subsidiary is not considered to be material to the group the results of the subsidiary undertaking have been excluded from these consolidated accounts. See note 25 to the financial statements. The consolidated accounts therefore, comprise only of the accounts of the parent charitable company.

**1.4. Fees and similar earned income**

This comprises fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, and are accounted for in the period in which the service is provided.

**1.5. Investment income**

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis. Income from investment properties is accounted for in the period to which the rental income relates.

**1. ACCOUNTING POLICIES (continued)**

**1.6. Donations, legacies, grants, and other voluntary incoming resources**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the Unrestricted Funds. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention is to be permanent or not. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

**1.7. Expenditure**

Expenditure is accrued as soon as a liability is considered probable. Expenditure attributable to more than one cost category in the SoFA is apportioned to them based on the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Intra-group sales and charges between the School and its subsidiaries are excluded from trading income and expenditure.

**1.8. Tangible Fixed Assets**

**(i) Depreciation**

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less estimated residual value based on current market prices over their estimated useful lives. The rates used are as follows:

Freehold Land and Buildings	:	20 to 50 years
Furniture and School Equipment:		10% and 20% straight line
Computers	:	33% straight line
Motor Vehicles	:	25% reducing balance

Land is not depreciated.

**(ii) Minor Capital Expenditure**

Minor capital expenditure is written off in the year in which it is incurred.

**(iii) Land and Buildings Included in the Accounts at a Valuation**

The Charity has continued to include land and buildings at a combination of cost and valuations undertaken before the implementation of the Reporting Standard.

Fixed assets are also reviewed for any impairments to the carrying value.



**1.9. Investment properties**

Investment properties are valued as individual investments at their market values as at the balance sheet date. Purchases and sales of investment properties are recognised on exchange of contracts.

**1.10. Fixed asset investments**

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the SoFA and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

**1.11. Fund accounting**

The charitable trust funds of the School and its subsidiary are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded. Endowment funds are further subdivided into permanent and expendable.

**Unrestricted income**

These funds belong to the School's corporate reserves, spendable at the discretion of the Governors either to further the School's Objects or to benefit the School itself. Where the Governors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

**Restricted income**

This comprises gifts, legacies, and grants where there is no capital retention obligation or power but only a trust law restriction to some specific purpose intended by the donor.

**Permanent endowment**

This arises where a donor intends the gift to be retained permanently for use by the School or for its financial benefit (i.e. by investment).

**Expendable endowment**

These funds are accounted for similarly, except that all capital can be converted into income for spending either at the Governors' own discretion or else upon the happening of some event contemplated by the donor (e.g. the annual depreciation charges on a building or other wasting asset retained for use by the School on a continuing basis – i.e. as a fixed asset).

**1.12. Pension costs**

The company participates in a defined benefit pension scheme for teaching staff. The scheme is operated by the Teachers' Pension Agency, an Executive Agency of the Department for Education and Employment. The scheme is a multi-employer scheme. It is not possible to identify the School's share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS 102, the scheme has been accounted for as a defined contribution scheme.

The company also operates a defined contribution pension scheme for some non-teaching staff. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions for both schemes are charged to the Statement of Financial Activities on a payable basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**ACCOUNTING POLICIES (continued)****1.13. Financial instruments**

The Charity 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. Specifically, the Charity has a portfolio of managed listed investments that are valued at a readily attainable market price. More detail is given in note 1.10.

**1.14. Judgements and key sources of estimation uncertainty**

There are judgements and accounting estimates made in the calculation of accruals and prepayments, in determining rates of depreciation of tangible fixed assets, in estimating realisable values of tangible fixed assets, in assessing the market value of investment property, in the allocation of internal funding to designated fixed asset funds and in estimating provisions against the recovery of bad or doubtful debts. Such estimates and judgements are made based on previous experience of the School and are supported by professional specialist advice where this is appropriate. More information about such judgements and estimates are given in notes 1.8, 1.9, and 1.11.

**1.15. Legal status of the Charity**

The Charity is a company limited by guarantee and has no share capital. The liability of each member of the board in the event of a winding up is to contribute to any deficiency in assets a sum not exceeding £1.

**2. FEES RECEIVABLE AND SIMILAR INCOME**

	2017	2016
	£	£
Fees receivable and similar income (after deducting staff remissions and family reductions)	7,740,831	7,196,090
Less: Bursaries awarded	(218,547)	(209,236)
Less: Scholarships awarded	(70,629)	(34,887)
	<u>7,451,655</u>	<u>6,951,937</u>
 Number of pupils in receipt of bursaries	 <u>60</u>	 <u>60</u>
 Number of pupils in receipt of scholarships	 <u>45</u>	 <u>38</u>

The Governors make an annual grant for the award of bursaries. The detail of individual awards is delegated to the Principal and the Commercial Director within parameters specified by the Governors. The bursaries awarded shown above includes £55,400 (2016: £53,472) paid out of the Foundation Bursaries Fund.

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**WESTHOLME SCHOOL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**3. ANCILLARY INCOME**

	2017 £	2016 £
Charitable activities – unrestricted:		
Coach income	348,723	313,591
After school care	33,228	37,600
Commissions received	19,817	31,211
Entrance exam fees	3,445	4,880
Interest on fees	1,260	864
Other	72,749	96,568
	<u>479,222</u>	<u>484,714</u>
Other trading activities – unrestricted:		
Property rental income	<u>61,443</u>	<u>56,759</u>

**4. DONATIONS AND LEGACIES**

	Unrestricted £	Restricted £	Endowments £	2017 £	2016 £
Donations and legacies	<u>2,555</u>	<u>62,305</u>	<u>-</u>	<u>64,860</u>	<u>41,881</u>

**5. RENTAL INCOME**

	2017 £	2016 £
Property rental income - unrestricted	<u>9,800</u>	<u>9,800</u>

**6. INVESTMENT INCOME**

	Unrestricted £	Restricted £	Endowments £	2017 £	2016 £
Bank deposit interest and similar income	430	-	-	430	1,365
Investment income	804	2,461	-	3,265	3,343
	<u>1,234</u>	<u>2,461</u>	<u>-</u>	<u>3,695</u>	<u>4,708</u>

## 7. TOTAL EXPENDITURE

	2017				2016
	Staff Costs	Depreciation	Other	Total	Total
	£	£	£	£	£
Bank charges and interest	-	-	11,814	11,814	9,798
Investment management costs	-	-	668	668	560
Bad debt expense	-	-	2,958	2,958	(42,390)
Publicity	78,739	-	149,875	228,614	193,603
Fundraising costs	-	-	1,485	1,485	2,658
Costs of generating funds	78,739	-	166,800	245,539	164,229
Teaching costs	4,426,337	206,881	453,830	5,087,048	4,940,905
Welfare costs	309,562	-	299,022	608,584	573,028
Premises	379,618	10,949	453,049	843,616	812,250
Support costs	460,025	-	630,249	1,090,274	1,029,822
Charitable activities	5,575,542	217,830	1,836,150	7,629,522	7,356,005
Total expenditure	5,654,281	217,830	2,002,950	7,875,061	7,520,234
Total resources expended include:				2017	2016
				£	£
Auditors' remuneration					
- Audit				8,000	8,000
- Accountancy				5,932	7,703
Governance costs				13,932	15,703
Depreciation				217,830	222,504

During the year, the company maintained liability insurance for its governors. The cost of this insurance is not separately identified.

**Exceptional items – 2016**

During the prior year, an exercise was undertaken to review existing provisions and historic creditor balances. As a result of this review, the bad debt provision was reduced by £40,000 and historic creditor balances totalling £76,939 were released to the SoFA. The impact of these adjustments resulted in the surplus being increased by £116,939. There were no exceptional items in the current year.

**8. STAFF COSTS**

The average number of persons employed (including Governors) during the year was as follows:

	2017 No.	2016 No.
Non-executive governors	12	12
Teachers: full time	82	75
part time	39	44
Office and administration	27	27
Domestic, maintenance and cleaning	53	53
	<u>213</u>	<u>211</u>

Staff costs comprise:

	£	£
Salaries and wages	4,705,971	4,536,945
Social security costs	415,872	355,762
Other pension costs	532,438	557,571
	<u>5,654,281</u>	<u>5,450,278</u>

The number of employees whose emoluments exceeded £60,000 in the year was as follows:

£60,001 - £70,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	<u>3</u>	<u>2</u>

Contributions were made to a defined benefit scheme in respect of 2 (2016: 1) of the above employees and to a defined contribution scheme in respect of 1 (2016: 1) of the above employees.

The key management personnel of the Charity, comprise the Trustees, the Principal, the Head of the Junior and Infant Schools and the Commercial Director. The total employee benefits of the key management personnel of the Charity were £294,702 (2016: £232,649).

**9. GOVERNORS' REMUNERATION**

No Governor received any remuneration or reimbursed travel expenses for his or her services during the year (2016: £nil).

**10. CORPORATION TAX**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992.

**WESTHOLME SCHOOL LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

**11. FIXED ASSETS – GROUP AND CHARITY**

	Freehold Land and Buildings	Furniture and School Equipment	Motor Vehicles	Total
	£	£	£	£
<b>COST/VALUATION</b>				
At 1 <sup>st</sup> September 2016	13,234,489	4,683,013	119,505	18,037,007
Additions	-	227,148	-	227,148
Disposals	-	(14,517)	-	(14,517)
At 31 <sup>st</sup> August 2017	13,234,489	4,895,644	119,505	18,249,638
<b>DEPRECIATION</b>				
At 1 <sup>st</sup> September 2016	3,892,877	4,093,568	90,418	8,076,863
Charge for the year	10,949	197,849	9,032	217,830
Disposals	-	(14,517)	-	(14,517)
At 31 <sup>st</sup> August 2017	3,903,826	4,276,900	99,450	8,280,176
<b>NET BOOK VALUE AT</b>				
31 <sup>st</sup> August 2016	9,341,612	589,445	29,087	9,960,144
31 <sup>st</sup> August 2017	9,330,663	618,744	20,055	9,969,462

**DIRECTORS' VALUATION OF FREEHOLD LAND AND BUILDINGS**

	2017 £	2016 £
Comprises: Directors' estimate of 'continuing existing use' valuation of land and buildings as at 31 <sup>st</sup> August 1975	410,000	410,000
Subsequent additions at cost	12,824,489	12,824,489
	<u>13,234,489</u>	<u>13,234,489</u>

All fixed assets are used for direct charitable purposes.

Land with a cost of £1,029,407 (2016: £1,029,407) is not depreciated

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**WESTHOLME SCHOOL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**12. INVESTMENT PROPERTIES****2017  
£****VALUATION**At 1<sup>st</sup> September 2016 and 31<sup>st</sup> August 2017**200,000**

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The Investment property was valued at the year-end by the Trustees, at market value.

**13. INVESTMENTS****2017  
£****Listed investments****Close Brothers**Market value at 1<sup>st</sup> September 2016**106,300**

Net additions

**2,597**

Revaluation gain

**4,399**Market value at 31<sup>st</sup> August 2017**113,296**

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Historical cost

**105,879**

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**Listed investments**

UK investments

**19,386**

Overseas and other investments

**84,660**

Cash deposits

**9,250****113,296**

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The trustees consider individual investment holdings in excess of 5% of the portfolio value to be material. There were no such material holdings.

**14. DEBTORS – GROUP AND CHARITY:****Amounts falling due within one year****2017  
£****2016  
£**

Fee debtors

**27,174****18,705**

Prepayments

**56,270****83,596**

Income tax recoverable

**5,848****2,404**

Amounts due from subsidiary undertaking

**6,963****10,258**

Other debtors

**2,975****-****99,230**

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**114,963**

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**WESTHOLME SCHOOL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**15. CREDITORS – GROUP AND CHARITY:****Amounts falling due within one year**

	2017	2016
	£	£
Deposits received	36,236	11,917
Loans - interest bearing	100	100
Loans - interest free	16,180	16,180
Taxation and social security	99,832	99,273
Trade creditors and accruals	293,490	350,310
	<u>445,838</u>	<u>477,780</u>

**16. CREDITORS – GROUP AND CHARITY:****Amounts falling due after more than one year**

	2017	2016
	£	£
Deposits received	<u>133,037</u>	<u>144,768</u>

**17. ACCRUALS AND DEFERRED INCOME – GROUP AND CHARITY:**

	2017	2016
	£	£
Fees paid in advance	<u>595,591</u>	<u>501,209</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS – GROUP AND CHARITY**

	Undesignated Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds
		£	£	£	£
Fund balances at 31 <sup>st</sup> August 2017 are represented by:					
Tangible fixed assets	-	9,959,610	9,852	-	9,969,462
Investment properties	-	200,000	-	-	200,000
Investments	30,345	-	-	82,951	113,296
Debtors	99,230	-	-	-	99,230
Cash in hand	741	-	-	-	741
Cash at bank/(bank overdraft)	1,756,771	(1,220,626)	11,500	-	547,645
Creditors	(578,875)	-	-	-	(578,875)
Accruals and deferred income	(595,591)	-	-	-	(595,591)
Total net assets	<u>712,621</u>	<u>8,938,984</u>	<u>21,352</u>	<u>82,951</u>	<u>9,755,908</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31<sup>ST</sup> AUGUST 2017

## 19. GUARANTEES

At 31<sup>st</sup> August 2017, there were 12 (2016:12) members of the Board each of whom agrees, in the event of the Company being wound up, to contribute to any deficiency in assets a sum not exceeding £1.

## 20. UNRESTRICTED FUNDS – GROUP AND CHARITY

	Balance 1 <sup>st</sup> September 2016	Income	Expenditure	Gains / (losses) and Transfers	Balance 31 <sup>st</sup> August 2017
	£	£	£	£	£
<b>Designated Funds:</b>					
Fixed Asset Fund	8,773,144	-	-	165,840	8,938,984
<b>Undesignated Funds:</b>					
General Reserve	704,199	8,061,309	(7,868,472)	(184,415)	712,621
	<b>9,477,343</b>	<b>8,061,309</b>	<b>(7,868,472)</b>	<b>(18,575)</b>	<b>9,651,605</b>

The Fixed Asset fund represents the net book value of the School's fixed assets and investment property less an allocation of notional internal borrowings. The transfer that is made between this fund and the General Reserve reflects the movement in fixed assets and notional internal borrowings in the year.

Included within the Charity's funds is a revaluation reserve of £39,870 (2016: £39,870).

## 21. RESTRICTED FUNDS – GROUP AND CHARITY

	Balance 1 <sup>st</sup> September 2016	Income	Expenditure	Transfers	Balance 31 <sup>st</sup> August 2017
	£	£	£	£	£
Capital Development	-	16,650	-	(16,650)	-
Foundation Bursaries	-	(28,182)	-	37,182	9,000
Westholme Association	-	15,937	(6,085)	-	9,852
Art teaching	-	2,500	-	-	2,500
Investment income	-	2,461	(504)	(1,957)	-
	<b>-</b>	<b>9,366</b>	<b>(6,589)</b>	<b>(18,575)</b>	<b>21,352</b>

The Capital Development Fund is for specific capital projects for which funding needs to be raised. The Foundation Bursary fund has been established to provide 100% bursaries to year 7 pupils. During the year income into this fund was £27,218 (2016: £18,746) and bursaries paid out were £55,400 (2016: £53,472). The Westholme Association is the School's Parents' Association and raises funds to donate to the School for specific purposes. The Art Teaching fund represents donations made to fund future costs in the teaching of art at the school.

The above funds are restricted due to the conditions imposed by the donors. Once funds have been applied for the purpose determined by the restriction a transfer is made to unrestricted funds.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**22. ENDOWMENT FUNDS – GROUP AND CHARITY**

	Balance 1 <sup>st</sup> September 2016	Income	Expenditure	Gains/(losses) and Transfers	Balance 31 <sup>st</sup> August 2017
		£	£	£	£
Permanent Endowments	78,552	-	-	4,399	82,951

The endowment fund is represented by investments. The income generated by this fund will be used for school bursaries.

**23. PENSION COMMITMENTS**

The Company participates in the Teachers' Pension Scheme ("the TPS"), a defined benefit pension scheme for teaching staff. The scheme is operated by the Teachers' Pension Agency, an Executive Agency of the Department for Children, Schools, and Families.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 and the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31<sup>st</sup> March 2012 and was published in June 2014. This report confirmed an employer contribution rate for the TPS of 16.4% from 1<sup>st</sup> September 2015.

The Department of Education has also devolved the scheme administration costs to scheme employers in the form of an administration charge of 0.08% of the employers' salary costs which has resulted in a total employer payment rate of 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1<sup>st</sup> April 2019. This will follow on from the next actuarial valuation which is due at 31<sup>st</sup> March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

It is not possible to identify the School's share of the underlying assets and liabilities on a consistent and reasonable basis and therefore, as required by FRS 102, the scheme has been accounted for as a defined contribution scheme.

The company also operates a defined contribution scheme for some non-teaching staff.

In accordance with Government legislation, the school also offers a stakeholder pension scheme. As at the balance sheet date, the scheme had no members.

The total pension cost charge in respect of these schemes for the year was £532,438 (2016: £557,571). At 31<sup>st</sup> August 2017 £74,251 (2016: £74,401) of contributions were payable to the scheme and included in creditors: amounts falling due within one year.

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**WESTHOLME SCHOOL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**24. RELATED PARTY TRANSACTIONS**

Westholme Promotions Limited is a subsidiary company of the School.

The principal activity of Westholme Promotions Limited is the organisation of non-curricular school trips, and other miscellaneous school activities.

During the year, the School contributed £8,209 (2016: £13,402) towards Westholme Promotions Limited marketing expenses.

At the 31<sup>st</sup> August 2017 £6,963 (2016: £10,258) was due to the School from Westholme Promotions Limited, representing £50,000 in respect of an interest free loan advanced to that company in 2011, less marketing contributions due to Westholme Promotions Limited.

Whilst the School does not trade directly with this company it does act as agent for the School in respect of collection of cash and payment of expenses. There was £nil (2016: £nil) due to Westholme Promotions Limited at 31<sup>st</sup> August 2017 in respect of amounts collected and paid for the School.

During the year amounts totalling £12,399 (2016: £8,802) were paid to Backhouse Jones Limited, a company in which J Backhouse, a Governor of Westholme School Limited, is also a director.

In addition, amounts totalling £11,863 (2016: £5,826) were paid to C & W Berry Limited, a company in which D Berry, a Governor of Westholme School Limited is also a director.

**25. SUBSIDIARY COMPANY**

Westholme Promotions Limited is a subsidiary company of Westholme School Limited. As described in the accounting policies, consolidated accounts have not been prepared as the subsidiary is not considered to be material to the accounts of the School.

Westholme Promotions Limited:	£
Aggregate of Capital and Reserves at 31 <sup>st</sup> August 2017	<u>(12,083)</u>
Turnover	170,162
Cost of sales	<u>(167,942)</u>
Gross Profit	2,220
Administrative expenses	<u>(2,220)</u>
Result for the year ended 31 <sup>st</sup> August 2017	<u><u>-</u></u>

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**WESTHOLME SCHOOL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**26. CAPITAL COMMITMENTS**

The Company had capital commitments of £32,650 at 31<sup>st</sup> August 2017 (2016: £59,682).

**27. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY TYPE OF FUND**

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Endowment Funds £</i>	<i>Total Funds £</i>
<b>Income</b>				
<b>Charitable Activities</b>				
Fees receivable and similar income	7,005,409	(53,472)	-	6,951,937
Ancillary income	484,714	-	-	484,714
<b>Other trading activities</b>				
Ancillary income	56,759	-	-	56,759
<b>Voluntary sources</b>				
Donations and legacies	-	41,881	-	41,881
<b>Investments</b>				
Rental & hire income	9,800	-	-	9,800
Investment income	2,159	2,549	-	4,708
<b>Total income</b>	<u>7,558,841</u>	<u>(9,042)</u>	<u>-</u>	<u>7,549,799</u>
<b>Expenditure on</b>				
<b>Raising funds:</b>				
Bank charges and interest	9,798	-	-	9,798
Investment management costs	133	427	-	560
Bad debt expense	(42,390)	-	-	(42,390)
Publicity, marketing, and events	193,603	-	-	193,603
Fundraising costs	2,658	-	-	2,658
	<u>163,802</u>	<u>427</u>	<u>-</u>	<u>164,229</u>
<b>Charitable Activities: School Operating Costs</b>				
Teaching costs	4,940,905	-	-	4,940,905
Welfare	573,028	-	-	573,028
Premises	812,250	-	-	812,250
Administration	1,029,822	-	-	1,029,822
	<u>7,356,005</u>	<u>-</u>	<u>-</u>	<u>7,356,005</u>
<b>Total expenditure</b>	<u>7,519,807</u>	<u>427</u>	<u>-</u>	<u>7,520,234</u>
<b>Net income</b>	39,034	(9,469)	-	29,565
Transfers between funds	(9,469)	9,469	-	-
<b>Other recognised gains and losses</b>				
Gains on investments	1,622	-	5,210	6,832
Gains on investment property	-	-	-	-
<b>Net movement in funds</b>	<u>31,187</u>	<u>-</u>	<u>5,210</u>	<u>36,397</u>

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**WESTHOLME SCHOOL LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****YEAR ENDED 31<sup>ST</sup> AUGUST 2017**

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**27. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY TYPE OF FUND (continued)**

	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Endowment Funds £</i>	<i>Total Funds £</i>
<b>Net movement in funds</b>	31,187	-	5,210	36,397
Funds brought forward at 31 <sup>st</sup> August 2015	9,446,156	-	73,342	9,519,498
<b>Funds carried forward at 31<sup>st</sup> August 2016</b>	<u>9,477,343</u>	<u>-</u>	<u>78,552</u>	<u>9,555,895</u>