



Felsted

FELSTED SCHOOL
ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020
TOGETHER WITH TRUSTEE'S
AND AUDITOR'S REPORTS

Registered Charity Number: 310870

FELSTED SCHOOL

TRUSTEE DIRECTORS, OFFICERS AND ADVISERS

FOR THE YEAR ENDED 31 AUGUST 2020

DIRECTORS OF THE TRUSTEE COMPANY

Felsted School Trustee Limited The Directors of the Trustee Company who served during the year or were subsequently appointed are listed below:	(h)	(e)	(n)	(g)
J Abel Smith, DL			•	
M Beale *	•		•	
G P Boulton		•		
R I C Brown – Chairperson from 16 November 2019	•	•	•	•
C A Carrington		•		•
J Crouch				•
J H Davies, OBE – Chairperson to 16 November 2019	•	•	•	
B C W Grindlay		•		
P J Hutley (retired 16 November 2019)	•		•	
Dr J C Nicholson *				•
A L M Oxnam	•			
O H J Stocken CBE				
Rev N J Stuchfield	•			
W Sunnucks	•	•	•	
J B St J Tibbitts	•		•	•
PE Wardell (appointed 28 August 2020)				•
S Wolfe *	•			
(h) Member of the House and Finance Committee (e) Member of the Education Committee (n) Member of the Nominations Committee (g) Member of the Governance Committee * Parent of current pupil				

OFFICERS

HEADMASTER

C J Townsend, BA

HEAD OF PREPARATORY SCHOOL

S C James, BA

BURSAR AND CLERK TO TRUSTEE BOARD

A G Clayton BA, MBA

Address and Registered Office

Felsted School
Felsted
Essex CM6 3LL
www.felsted.org

Website

ADVISERS

BANKERS

Barclays Bank Plc
PO Box 885
Mortlock House, Histon
Cambridge CB24 9DE

AUDITORS

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

SOLICITORS

Stone King LLP
16 St John's Lane
London EC1M 4BS

FELSTED SCHOOL

ANNUAL REPORT OF FELSTED SCHOOL TRUSTEE

FOR THE YEAR ENDED 31 AUGUST 2020

The Trustee of Felsted School presents its annual report together with the audited accounts for the year ended 31 August 2020 and confirms that they comply with the requirements of the Charities Act 2011, the trust deed and the Charities SORP (FRS 102) applicable to Charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

1. REFERENCE AND ADMINISTRATION INFORMATION

The Charity was founded in 1564 and is registered with the Charity Commission under charity number 310870. The Directors of Felsted School Trustee Ltd, Felsted School's single Trustee, and the Executive officers and principal addresses of the Charity are as listed on the previous page as are particulars of the Charity's professional advisers.

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by its Scheme dating from 1938 and last amended in October 2018.

Governing Body

The structure of the Charity consists of a Board of Directors of the Trustee Company that oversees the management of the Charity, a school, which has two principal elements, a Senior School for pupils aged 13-18 and a Preparatory School for pupils aged 4-13.

Recruitment and Training of Trustee Directors

The Trustee Company Directors are voted onto the Board by the current Board members. The Nominations Committee comprises six current Directors. The Nominations Committee when selecting possible new Directors considers specifications concerning eligibility, personal competence, specialist skills and local availability.

New Directors are inducted into the Trustee Company and the Schools (including Board policy and procedures) by current Directors and the School Executive.

Organisational Management

The Trustee Company Directors are legally responsible for the overall management and control of the School and meet at least three times a year and more frequently during the recent Covid-19 pandemic

The members of the House & Finance (H&F) Committee meet about a month before each meeting of the full Board and on extra occasions as required. This Committee specifically looks at the budget and accounts for the current year, short and medium term forecasts and at infrastructure investment plans and makes recommendations for approval by the Board.

The other committees are the Education Committee, the Governance Committee and the Nominations Committee. The Education and Governance Committees meet each term before the main Board meeting and the Nominations Committee meets once a year to discuss standing items and at other times as required. The Heads and the Bursar attend meetings of the above Committees.

The day to day running of the Schools is delegated to the Headmaster, with the Head of the Preparatory School and the Bursar as the Key Management Personnel. They are supported by their Senior Leadership Teams. Delivery of the School's charitable vision and purpose is primarily dependent on the Key Management Personnel.

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Organisational Management

The remuneration of the Heads and Bursar is set by the Board, with the policy objective of providing appropriate incentive to encourage performance and of rewarding them fairly and responsibly for their individual contributions to the School's success. The Board delegates the annual review of remuneration of key personnel to the Nominations Committee, which refers to benchmarking information for other similar schools (including that currently compiled by AGBIS), the individual's performance in the previous year, and cost of living awards to other staff. The remuneration package when a new key member of staff is appointed is similarly benchmarked, and appointments are made following a competitive process, taking appropriate external professional advice. The aim is to recruit, subject to experience, below or at the medium point within a band (for teaching staff), providing scope for rewarding excellence.

Structure and Relationships

A trading company, Felsted School Enterprises Ltd, was incorporated on 21 August 2006 and was dormant throughout the year.

Risk Management

The Trustee is responsible for the management of the risks faced by the School. Detailed considerations of risk have been delegated to the Committees, assisted by the Executive. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis, as part of that review other committees of the Board review risks appropriate to their areas of oversight.

Through the annual review of the risk register, the Trustee considers the key risks facing the School and agrees appropriate mitigation. The principal risks the School faces are considered to be:

- Fee affordability, particularly as the School has had to absorb increases in expenditure that are outside its control, such as pension costs and the apprenticeship levy. This concern is given a high priority when fee increases are considered, particularly in the current uncertain economic environment and the current political threats to the Independent School sector including the potential loss of rates relief.
- Inability to recruit staff of the right calibre. The School aims to recruit, retain and develop excellent staff, and this quality would be at risk if less than optimum staff remuneration and conditions were to depress morale. The School also employs specialist staff and has clear policies and procedures to ensure high levels of staff welfare and safety.
- Inadequate investment in facilities. The aims and ethos of the School require continuing investment in facilities including ICT for teaching and learning, pastoral care and boarding, sports, drama and other activities. Failure to generate adequate annual surplus for reinvestment would compromise this.
- Failure to comply with relevant regulations. The School is subject to regulation by a number of bodies, particularly in relation to safeguarding, child protection and health and safety. The School appoints and trains staff appropriately, and takes the necessary specialist advice to ensure compliance.
- An epidemic has long been on the School's risk register with home working for staff and students being part of the mitigation plans. The advent of Covid-19 (see 6 below) has resulted in those mitigation plans being implemented over the Spring of 2020 and again in January 2021. Covid-19 is proving to be a very major crystallised risk for the School on several levels, both operationally and financially.

The key controls used by the charity include:

- formal agendas for all Committee and Board activity;
- detailed terms of reference for all Committees; these were last reviewed in detail in November 2018;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies;
- safeguarding procedures as required by law and best practice for the protection of the vulnerable;
- a detailed Risk Register reviewed annually by the relevant sub-Committees with key risks reported to and discussed by the Board; and
- adherence to developing Governmental and Sector regulation and guidance with particular reference during 2020 to Covid-19.

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Risk Management - continued

Through the risk management processes established for the School, the Trustee is satisfied that the major risks identified have been appropriately mitigated where necessary. It is recognised that systems can only provide reasonable and not absolute assurance that major risks have been managed. The Compliance Manager continues to support the Trustee Board and the Leadership Team in the management of risk, policy review and best practice, with a particular emphasis on safeguarding and regulatory compliance. The Trustee Board regularly reviews the effectiveness of current plans and strategies for managing all identified risks for the School.

Charity Code of Governance

The Trustee remains aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Trustee is satisfied that the Charity applies the principles of the code within its current Governance arrangements which includes the use of a Governor Compliance Checklist recommended by the Association of Governing Bodies of Independent Schools (AGBIS).

3. OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Charity's Objects, as set out in its Scheme, are

The advancement of education specifically but not exclusively by:

- (1) the provision and maintenance of a secondary school ('the School') for boys and girls;
- (2) the provision and maintenance, if the Trustee thinks fit, of a nursery, pre-school, pre-preparatory and preparatory departments within the School; and
- (3) the conduct in connection with the School of such ancillary or incidental educational activities and other associated activities for the benefit of the community as the Trustee thinks fit.

Aims of the School

Felsted seeks to be the school of choice and aspiration for all. "Developing character and making a difference".

1. Felsted seeks to educate all Felstedians to develop them as individual characters, through provision of outstanding all round education.
2. Felsted seeks to develop and stretch students academically, to be life-long learners, well-rounded, aspirational, globally minded, with the skills to flourish beyond school, applying the principles of a growth mind set, to be the best that they can be.
3. Felsted seeks to provide outstanding pastoral care, a safe and supportive environment, co-curricular opportunities, lessons in leadership, service, challenge, personal growth, and emotional/intellectual development.
4. Felsted seeks to develop a strong sense of community, based on development of personal faith, tolerance and respect. This community will include all students, as well as parents, staff, Trustee Directors, Old Felstedians and the wider Felsted community.
5. Felsted seeks to make a difference, through developing truly effective global citizens, under the IDEALS of the Round Square, fulfilling our charitable purpose, including making a Felsted education available to families, through bursary, scholarship and outreach.
6. Felsted seeks to provide a strong foundation for the future of the school.

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Public Benefit Aims and Intended Impact

Within its Objects, Felsted School's public benefit aim is to provide a first class independent education for children aged from 4 to 18, both through strong academic tuition and through developing wider sporting, artistic and social skills in all its pupils. This is intended to provide an environment where each pupil can develop and fulfil his or her potential, thus to help build self-confidence and inculcate a desire to contribute to the wider community. All of this is integral to the School's delivery of a holistic education.

In the furtherance of these aims the Trustee has complied with the duty in s17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and sub-sector guidance concerning the operation of the Public Benefit requirement under that act. The Trustee has undertaken appropriate activities in furtherance of the School's aims for the public benefit. The year's objectives, activities and achievements are set out below.

Felsted School Public Benefit Review

Felsted School has always been mindful of its role in public service and both the School and individual staff and pupils have a long history of supporting charitable and educational causes with both financial help and practical assistance. The Trustee is committed to widening access for potential pupils to include those who cannot afford the School's fees and consider it important that those in poverty should not be excluded from the opportunity to receive the educational support that the School can provide. The School also provides opportunities for the local and wider community to use the educational and ancillary facilities the School has to offer. The School is engaged in sharing the educational expertise of staff with others outside the School and developing the involvement of pupils in charitable activities for the wider benefit of the public.

In order to monitor and support the development of the School's practice in these areas a review is carried out each year.

The Curriculum

The School has high academic standards and educates pupils to excellent levels of achievement.

- As public exams were cancelled for June 2020, Schools were asked to submit 'Centre Assessed Grades' for each pupil and to provide a rank order for each grade within a subject. As a result, in 2020 98% of our GCSE results were between 9 and 4 and over 94% of A-level grades were between A* and C. The average IB points score in 2020 was 36.
- The education of pupils encompasses all aspects of their personal development and promotes their contribution to society in adult life.
- The school has a special educational interest and focus on Art, Music, Design Technology, Drama and Sport and invests in staff and facilities to provide tuition and resources that are of a national standard.

The School trains and inducts teachers each year to the long term educational benefit of the wider community. In 2019/20 the School supported 3 teachers through their PGCE and 3 teachers throughout their NQT induction.

Means-Tested Assistance

The Trustee considers that bursaries are important in ensuring that children from families who would otherwise not be able to afford the fees can access the education offered. Bursary awards are available to children who meet the general entry requirements and are made on the basis of parental means or to relieve hardship where an existing pupil's education and future prospects would be at risk, for example in the case of bereavement or redundancy. In assessing means the School takes a number of factors into consideration including family income, investments and savings and family circumstances. However, the School does not have a large cash endowment and in funding bursaries the School has to be mindful of ensuring a balance between fee-paying parents, many of whom make considerable personal sacrifices to fully fund their children's education, and those benefiting from the awards. Bursaries are available for up to 100% of fees and can also provide assistance with extra costs for those whose financial need is greatest. They are advertised in the press and further details of the bursary policy and how to apply are provided on the School website. Bursaries are subject to annual review so that the School can ensure that support is only provided to those who require it.

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Means-Tested Assistance - continued

In total, the School provides fee assistance to over 250 pupils (approximately 24% of the total) at a cost of £2,862k per annum; 13% of our gross fee income. In 2019/20 the School provided means tested bursary assistance to 81 pupils to the value of £1,033k; 5% of gross fee income. Ten pupils received bursaries of 100% or thereabouts. The school's policy, in line with that of other Independent Schools, is to award scholarships on the basis of the individual's educational potential, subject to any particular conditions imposed by the original donor where the award is out of restricted funds. Further awards in bursaries and allowances were made from unrestricted funds. Free and subsidised places on the International Summer School were also made available to pupils from local and partner schools.

Links with Other Schools

The School aims to widen access through a variety of initiatives and activities. Partnerships are being grown and developed with local primary schools and with the Royal Docks Community School in Newham, London E16, a mixed comprehensive school for ages 11 to 16.

A number of local children benefit from being able to take part in both term time and holiday time educational activities although none were able to take place during the summer term. These include:

- A number of local schools, as well as some from abroad, took part in the Felsted Model United Nations conference and primary schools also attend the Prep School's Model United Nations conference;
- Gifted and Talented Days for local children in Art, Sport, Science and Modern Languages
- A Science day for pupils from junior schools
- Hosting various sporting events and tournaments for state and independent schools

Partnerships

In addition to the links with other Schools, Felsted is committed to building links with partners who can improve the education of children and offer an extended pathway. Current partnerships include

- Junior Guildhall School of Music
- Essex Cricket Club
- Saracens FC Rugby
- Blue Hornets Hockey
- Benecos Mavericks Super League Netball Club
- Lord's Taverners

Further details of the individual partnerships can be found on the Independent Schools Council website <https://www.schoolstogether.org/case-studies/?schoolId=36819>

Charitable Giving and Fund-raising

The School Charity Team develops a programme of events and ideas to encourage Felstedians to grow as global citizens. The team decides which charities the School will support and assists the Houses in choosing how to deploy their efforts.

The School is committed to building partnerships with our six core charities:

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Charitable Giving and Fund-raising – continued

1. Sparkle Foundation

Founded by Old Felstedian Sarah Brook, the foundation provides education, nutritional support and medical treatment to over 150 vulnerable orphans in Malawi. Felsted pupils have raised a large sum for this fantastic charity over the past few years through numerous events across the School, including an annual Rugby 7's event which involves former pupils and parents. This has allowed the charity to invest in a fresh water borehole and pump, cleaning facilities, classrooms plus a vital vehicle for supplies and emergency treatment. A number of teachers, parents, pupils and the Headmaster have visited the orphanage in Malawi to give support and assistance.

2. Magic Bus

Founded by Old Felstedian Matthew Spacie, this charity aims to improve awareness, life skills and opportunities for vulnerable children in Mumbai. Pupils and staff regularly travel to Mumbai to work with this charity, taking a range of items including mobile phones, sports equipment and clothing.

3. Teach Uganda

Dedicated to supporting communities in Uganda, this organisation helps to bring about permanent, sustainable development through education, health promotion, infrastructure and job creation. Felsted made their first pupil trip to support this charity in 2016 and returned there again in 2018. Felsted has made a big impact to this charity and currently funds several underprivileged local children to study Science A-Levels at a secondary school in Uganda.

4. Felsted Mission

For over a hundred years, the links between The Ascension Church and the Felsted School Mission in the East End of London have continued to grow and develop. The Ascension Church works with the local community through a Garden Café and youth activities, promoting fitness and social interaction. This now extends to the Royal Docks School, where one 100% bursary is offered to a pupil each year to attend Felsted School. Funded mainly by Old Felstedians, the Felsted School Mission contributes some £40,000 per annum to the Ascension Church.

5. CHESS Homeless

Felsted pupils decided that they wanted to make a difference locally as they became increasingly concerned for those 'rough sleeping' in Chelmsford. CHESS Homeless provides an advice centre, food-bank and night-shelter for those in need in Chelmsford. CHESS has a proven track record of finding long term solutions for those who seek their help. Pupils volunteer at the night-shelter and raise funds to support this vital work. During the summer national lockdown of 2020 Felsted pupils helped to raise over £5,000 that was used to refurbish a new night-shelter.

6. Young Minds

This national charity seeks to raise awareness of the mental health issues experienced by young people in the U.K. Young Minds develop initiatives that seek to support young people who otherwise might feel stigmatised for asking for help. In the UK today, an estimated five children in every classroom have a mental health problem. A quarter of 17-year-old girls have self-harmed in the last year, while suicide remains the single biggest killer of boys and young men.

Use of Facilities

Felsted prides itself in supporting the village and local community, providing opportunities for educational events and school facilities to be used whenever possible. Felsted School allows the use of its facilities for a range of activities which are open to non-School members. This includes classrooms, function rooms, the Hunt Theatre, sporting facilities, the indoor pool and the Felsted Gym. Felsted also hosts many concerts and drama performances throughout the year, all of which are open to the public and most of which are free entry. The Felsted School Steel Band performs regularly and on request (time permitting) outside school at venues such as Essex Cricket. Pupils also exhibit their art at a local gallery each year, which is open to the public.

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Use of Facilities – continued

The following Arts organisations use Felsted facilities:

- The Felsted Choral Society
- Associated Board of the Royal Schools of Music (ABRSM - for music exams)
- The Junior Guildhall
- Essex Music Services
- The National Youth String Orchestra
- Essex Chamber Orchestra
- Pro Corda
- Felsted Friendship Club

Lettings to external parties were suspended during the Covid-19 pandemic.

Services to the Community

The School has a very positive relationship with the local village residents and business community. Richard Lord Riche (the School's founder) left funding which supports a number of Almshouses for those in need in the village. Managed by Felsted as part of his legacy, Almshouse residents are nurtured by the School through a number of supportive activities.

A number of the Senior School participate in weekly volunteer work as part of their holistic education. These include conservation work around the village, helping in local primary schools and a pre-school, visiting residential and care homes for the elderly, volunteering in local charity shops and residential care homes. Preparatory School pupils also sing carols at a local residential home.

Community Service Projects: Alongside the regular community service volunteering, the Senior School pupils have been involved in a number of projects:

- Raising funds and helping as part of the Felsted Mission Night-shelter volunteer team
- Each House adopted its own charity for a period of two years. Pupils voted for which charity to select in their own Houses. The School Forum and Student Charity Team chose Young Minds and CHES Homeless as new whole school charities for future years.

Every year at the Prep School, charity fundraising projects raise approximately £15,000 for various charities. Activities include sponsored walks, fetes, food parcels, clothes and shoe donations, cakes sales and chapel collections.

The level of activities undertaken in 2018/19 was impacted by the Covid-19 pandemic.

Economic Impact

In 2018 Oxford Economics was commissioned by the Independent Schools Council, on behalf of their 1,205 schools in Britain, to assess the economic contribution made by those schools annually. Based on the tool developed as part of their review, Felsted School has contributed the following in 2018/19

- Total savings generated for the UK taxpayer, as a result of attendance at Felsted by pupils who could otherwise take up a free UK state school place is £6.7m per annum.
- Felsted employed 608 people during 2018/19.
- Total amount of UK tax supported by Felsted School's activities is £11.7m per annum (£5.6m of 'direct tax contribution', £1.1m of 'indirect tax contribution' and £5.1m of 'induced tax contribution').

Total contribution to UK GDP of £34.9m per annum (£16.8m of 'direct GDP', £4.6m of 'indirect GDP' and £13.5m of 'induced GDP').

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Primary Objectives

The objectives are set to reflect the educational aims and the ethos of the School, and to maintain and enhance the academic success of the School. This objective is, however, set in the context of the broader goals set for the School and its pupils.

In setting the objectives and planning the activities the Trustee Board has given careful consideration to the Charity Commission's guidance on public benefit.

This year, the focus has been on the continued achievement of academic performance and academic value added, and development of the co-curricular programme. The key objectives for the year included:

- To develop further mechanisms for the improvement of academic performance
- To progress the site development plan, principally enhanced provision for academic activities
- To develop measures of added value in all areas of school life for our youngest pupils
- To embed the Felsted Diploma in the provision for Senior and Prep School pupils in order to facilitate and encourage the personal development of all pupils
- To enhance the programme of staff training and development
- To maintain, and grow where possible, pupil numbers in both the Prep and Senior Schools
- To continue to build on the School's extra-curricular strength and internationalism through membership of organisations such as the Round Square
- To develop and implement the School's policy on the provision of means-tested bursaries
- To continue to develop the school's rich and diverse links with and educational delivery to the local community
- To develop partnerships to deliver improved outcomes for all involved
- To continue to integrate the work of Senior and Preparatory Schools to share best practice and provide a more integrated pupil experience
- Implementation and continued improvement of the delivery of a remote learning programme

Strategies to achieve the year's objectives

These included continuing to review the School's academic syllabus in order to benchmark academic standards against external public examinations and independent value-added criteria, with academic achievements being balanced by a strong emphasis on sporting and social skills. The School continued to develop the expertise of teaching staff and ensuring succession planning and staff development and furthering the School's links with local junior schools and facilitating wider community access to the School's facilities.

Principal activities of the year

The charity principally provides education to boys and girls from the ages of 4 - 18 in its two schools, the Preparatory School and the Senior School, and also hosts summer schools for overseas students. In 2020 the Senior School maintained pupil numbers at 556 (2019: 551) of whom 407 (2019: 407) were boarders. The Preparatory School averaged 507 (2019: 509) pupils of whom 15 (2019: 19) were full boarders. Waiting lists in some years are encouraging. Pupil numbers in September 2020 were 576 in the Senior School and 497 in the Prep School. This is a result of the continued resolve to build the academic, co-curricular and sporting standards for which the school is recognised.

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4. REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

2019/20 was another successful year for the School with continued progress towards the aims of the development plan coupled with some excellent student achievements despite the implementation of remote learning for the Summer Term.

Academically, good progress was made in both schools. Felsted students enjoyed significant success at 'A' level, GCSE and IB.

In sport and the co-curriculum there were a number of achievements, including National final representation in netball, squash, tennis and riding and regional successes in rugby, girls indoor cricket, hockey, netball, tennis, squash, golf, swimming and show-jumping. Unfortunately, from April, many finals and National competitions were postponed due to the impact of Covid-19.

Pupils participated in a large number of events to promote internationalism including our own Model United Nations and Round Square events and exchanges.

Fundraising performance

The School continues its ongoing work of raising voluntary funding. Donations totalled £247,424 (2019: £264,234), including Restricted Funds £188,130 (2019: £259,234). Grants received under the Coronavirus Job Retention Scheme totalled £1,575,745. (2019: £0). Restricted funds will allow the School to increase its provision for means-tested bursaries to allow social mobility for children from disadvantaged backgrounds.

All fundraising activities for the School are carried out by School staff. The School has not used professional fundraisers or have any commercial participators during this financial period. All fundraising activities are managed by the Development Department and are monitored by the Headmaster and Bursar, with oversight by the Development Steering Group.

No complaints relating to fundraising activities have been received by the School during this financial period. However, the School has in place procedures that would be followed in the event of a complaint being received with the initial response being the responsibility of the Bursar. Any continuing issues would then be passed to the Trustee Board to determine what further action might be required.

The School is enrolled with the Fundraising Preference Service and is registered with the Fundraising Regulator and is complying with the Code of Fundraising Practice published by the Fundraising Regulator. The School also subscribes to membership of the Institute of Development Professionals in Education (IDPE). The School considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property

5. FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The school incurred a deficit in the year of £763,445 (2019: surplus £1,118,717). Net school fee income for the year to 31 August 2020 decreased by 10.3% (2019: increase 3.4%) on the previous year. Net expenditure was £737,769 (2019 income: £1,192,740). Total reserves at 31 August 2020 were £42,189,066 (2019: £42,926,835).

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Reserves policy

During the year the school's funds decreased by £737,769 to £42,189,066 of which £18,494,119 were restricted or endowed funds. Restricted funds increased by £77,895 to £785,914 as shown in note 19. In common with most independent schools, the school's unrestricted reserves are primarily invested in tangible fixed assets, which are all used for direct charitable activities. The nature of the School's operations is that there is a high degree of operational gearing and that the margin of net income to total income is not a high percentage. Financial viability therefore does not depend upon a high level of income reserves but upon the ability over the medium term to deliver positive cash flow to reinvest in maintaining and improving the School's assets and educational delivery.

In the short term the Covid-19 pandemic (see 6 below) is causing, and will continue to cause, significant reductions in income and uncertainty as to future pupil numbers. At the time of approving these financial statements the School has not been notified of any material reduction in prospective pupil numbers relative to those which the School has used for the purposes of financial modelling and forecasting. Based upon those forecasts, taking account of the then current cash reserves and bank facilities and the ability to rescale the School's activities should that prove necessary in the future, the Trustee believes that the conditions for preparing these financial statements on the going concern basis are met and has therefore prepared them accordingly.

Investment powers and policy

The Trustee's investment powers are governed by the Trust Deed, which permits the Charity's funds to be invested by an approved investment manager.

The Trustee's policy is to balance the maintenance of the real value of the invested funds with an adequate income to fund expenses met by the investments. Notwithstanding fluctuations in the stock market this aim has been realised in the longer term.

6. COVID-19

In November 2019 a form of coronavirus emerged in Wuhan in Hubei Province in China. It spread rapidly around the World and the World Health Organisation ("WHO") named the disease that it creates in the human population: Covid-19. By the Spring of 2020 it was recognised by the WHO as a global pandemic. Whilst Covid-19 exhibited a moderate to mild illness in the majority of young and healthy individuals, it caused very serious illness and in extreme cases death in many older people and those with underlying chronic health conditions. Countries around the World reacted by seeking to slow the spread of the disease by instructing large proportions of populations to remain at home and limit physical contact with others to reduce opportunities for transmission of the virus. The measures adopted in the UK included temporary closure of many non-essential shops and businesses and schools. As a result, the School physically closed towards the end of the Spring term 2020 and pupils went home. The effect on the School, as on many businesses, was a very material change in how the School could operate and on the School's finances.

The School and all its staff sought to bring some positive outcomes from the greatly changed conditions that it experienced. During the Easter holiday period the School was able to accommodate a group of National Health Service trainees in one of the boarding houses and to look after a number of international students until they were able to return home. Other initiatives have included delivery of meals to a number of local elderly residents and members of the School's medical staff were able to volunteer with the NHS.

By the original start date for the summer term the School was able to implement its planned mitigation of a remote learning programme to enable pupils to continue with their courses from home and this was well received by parents who have been very supportive of the School through this difficult time. Academic staff worked hard to deliver this remote learning programme alongside delivering data and assessment for GCSE and A Level and assessments for IB upon which examination grades were based in 2020 in the absence of summer term public examinations.

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FOR THE YEAR ENDED 31 AUGUST 2020

6. COVID-19 – continued

The School decided that the Felsted International Summer School could not be run at Felsted in 2020 and instead provided without charge a remote learning package for those students who would have attended, which included content to provide an understanding of the Felsted experience. The School is hoping that many of those students will be able to attend the Felsted 2021 International Summer School next year if the decision to offer it is made.

In the light of the change to a remote learning environment for the summer term 2020 the School introduced an appropriately reduced fee structure for the term with fees at 75% of the scheduled equivalent day fee and discounted slightly more for year 13 for whom only a limited academic content would be provided. This inevitably had a material effect on the School's income for the year ended 31 August 2020 which was only in part be offset by the furloughing of some staff for whom the School will top up their Government funded furlough payments. Reflecting these difficult times it was agreed that fees for the 2020/21 academic year would be held at the same level as for 2019/20.

The School is extremely fortunate to have a very supportive parental body, and while some families experienced reductions in income resulting mostly from the Covid-19 restrictions, the School has had very few parents seeking to take their children out of the School. At the same time the School sought to find ways to limit its costs at such a difficult time. This included pausing the development of our new classroom block, to be named the Marshall Centre after the old Felstedian whose generous legacy started the fundraising, whilst economic uncertainties remained high. The decision to continue with the development was taken in October 2020.

Covid-19 has had a material adverse effect upon the operational and financial position of the School as it has upon very many organisations around the World. The School has remained closed for the first half of Spring term 2021 and the fees charged for the Spring term, during much of which remote learning was operated, were reduced to reflect the pupils being at home rather than in School. Due to the timing of billing, this adjustment will be reflected in the fees billed for the Summer term 2021. The expectation at the date of approval of these financial statements is that the year ending 31 August 2021 will consequently show a deficit on the Statement of Financial Activities with some recovery from that position in the following year.

Throughout this time it remains the consistent and passionate aim of all the School's staff to do the very best for all the pupils, current and future, whose education is entrusted to them.

7. FUTURE PLANS

The Senior School's and the Preparatory School's development plans for the year were approved by the Board in June 2019 and will be reviewed regularly.

The key objectives within the current plans are:

- Enhancing recruitment and retention of pupils through a focused strategy
- Developing a long term business strategy with defined income streams to take into account the current external threats to the Independent School sector
- To realign the position of the School in the market place in line with parental demand
- To develop a strong national profile in relation to teaching and learning, welfare and pastoral processes to add value to every individual
- To develop premises and facilities to match and surpass provision in other similar schools including a new classroom facility in the Senior School which is due to be completed in early 2022.

8. STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that year. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee on 6 March 2021 and signed on its behalf by:

RIC Brown
Chairman of Felsted School Trustee Limited

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF

FELSTED SCHOOL

Opinion

We have audited the financial statements of Felsted School for the year ended 31 August 2020 which comprise the Statement of Financial Activities, Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2020 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 Charities Act 2011.

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 charity 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 in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF

FELSTED SCHOOL - CONTINUED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Trustee

As explained more fully in the Trustee's' responsibilities statement set out on page 12, the Trustee is 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 Trustee determines 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 Trustee is responsible for assessing the charity'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 Trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

17 March 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

FELSTED SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Year to 31 August 2020 £	Total Year to 31 August 2019 £
Income and endowments from:						
Charitable activities						
School fees receivable	2	19,357,636	-	-	19,357,636	21,579,169
Ancillary trading income	3	1,382,920	-	-	1,382,920	3,223,202
Other trading activities						
Non-ancillary trading income	4	343,223	-	-	343,223	575,769
Other activities	4	52,475	-	-	52,475	76,477
Investments						
Investment income	5	30,879	35,484	-	66,363	61,449
Bank and other interest		42,148	-	-	42,148	45,827
Voluntary sources						
Grants and donations	6	1,635,040	188,129	-	1,823,169	264,234
Total income		22,844,321	223,613	-	23,067,934	25,826,127
Expenditure on:						
Raising funds						
Non-ancillary trading		413,313	-	-	413,313	525,739
Other income-generating activities		630,785	-	-	630,785	1,341,632
Financing costs	8	87,590	-	-	87,590	76,392
Fundraising & Development		-	-	-	-	108,775
		163,794	-	-	163,794	
Total deductible costs	7	1,295,482	-	-	1,295,482	2,052,538
Charitable activities						
Education and grant making	7	22,155,984	150,618	229,295	22,535,897	22,654,876
Total expenditure		23,451,466	150,618	229,295	23,831,379	24,707,414
Net (outgoing)/incoming funds from operations before transfers and investment gains						
		(607,145)	72,995	(229,295)	(763,445)	1,118,715
Gains on investments	11	37	-	25,639	25,676	74,025
Transfers between funds	19	(4,900)	4,900	-	-	-
Net (expenditure)/income and movement in funds for the year		(612,008)	77,895	(203,656)	(737,769)	1,192,740
Fund balances at 1 September 2019 25		24,306,955	708,019	17,911,861	42,926,835	40,358,678
FUND BALANCES at 31 AUGUST 2020		23,694,947	785,914	17,708,205	42,189,066	42,926,835

The notes on pages 19 to 37 form part of these financial statements

FELSTED SCHOOL

BALANCE SHEET

AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		41,167,481		40,891,669
Investments	11		1,185,585		1,164,809
			<u>42,353,066</u>		<u>42,056,478</u>
CURRENT ASSETS					
Inventories		292,357		283,475	
Debtors	12	882,416		977,632	
Cash		7,428,920		9,462,081	
		<u>8,603,693</u>		<u>10,723,188</u>	
CURRENT LIABILITIES					
Due within one year	13	(7,367,420)		(8,058,956)	
		<u>(7,367,420)</u>		<u>(8,058,956)</u>	
NET CURRENT ASSETS					
			<u>1,236,273</u>		<u>2,664,232</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>43,589,339</u>		<u>44,720,710</u>
CREDITORS: due after more than one year					
Fees in Advance Scheme	14	(1,305,531)		(1,674,972)	
Pension Scheme funding deficit	22	(94,742)		(118,903)	
		<u>(1,400,273)</u>		<u>(1,793,875)</u>	
NET ASSETS					
	18		<u>42,189,066</u>		<u>42,926,835</u>
FUNDS					
Unrestricted – general reserve	19		23,815,659		24,451,071
Unrestricted – pension reserve	22		(120,712)		(144,116)
Restricted	19		785,914		708,019
Endowment	19		17,708,205		17,911,861
			<u>42,189,066</u>		<u>42,926,835</u>

These financial statements were approved and authorised for issue by the Trustee on 6 March 2021 and signed on its behalf by:

R I C Brown
Chairman of Felsted School Trustee Limited

The notes on pages 19 to 37 form part of these financial statements

FELSTED SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities	(i)				
Net cash (utilised)/provided by operating activities			(799,104)		1,546,400
Cash flows from investing activities:					
Payments for tangible fixed assets		(1,227,690)		(1,377,151)	
Proceeds on sale of tangible fixed assets		9,960		33,436	
Additions to securities investment portfolio		-		(4,863)	
Proceeds on sale of investments		4,900		-	
Investment income and bank interest received		66,363		61,449	
Net cash (used in) investing activities			(1,146,467)		(1,287,129)
Cash flows from financing activities					
Finance costs paid		(87,590)		(76,392)	
Net cash (used in) financing activities			(87,590)		(76,392)
Change in cash and cash equivalents in the reporting period			(2,033,161)		182,879
Cash and cash equivalents at the beginning of the period			9,462,081		9,279,202
Cash and cash equivalents at the end of the period	(ii)		<u>7,428,920</u>		<u>9,462,081</u>

The notes on pages 19 to 37 form part of these financial statements

FELSTED SCHOOL**NOTES TO THE CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2020**

(i) Reconciliation of net income to net cash flow from operating activities	2020	2019
	£	£
Net (outgoings)/income for the reporting period (as per the Statement of Financial Activities)	(763,445)	1,118,715
Adjustments for:		
- investment income	(66,363)	(61,449)
- finance costs	87,590	76,392
Depreciation charge	951,372	935,626
Defined benefit pension scheme adjustments	(23,404)	(48,696)
(Profit) on sale of fixed assets	(9,454)	(7,748)
(Increase)/decrease in inventories	(8,882)	(13,475)
Decrease/(increase)in debtors	95,216	(31,429)
(Decrease) in creditors (excluding fees in advance scheme and entrance deposits)	(460,087)	(387,532)
(Decrease)/increase in fees in advance scheme creditors	(576,542)	(79,225)
(Decrease)/increase in entrance deposits	(25,105)	45,221
	<u>(35,659)</u>	<u>427,685</u>
Net cash (utilised)/provided by operating activities	<u>(799,104)</u>	<u>1,546,400</u>
ii) Analysis of cash and cash equivalents	2020	2019
	£	£
Cash at bank	<u>7,428,920</u>	<u>9,462,081</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Accounts Preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and the 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 (FRS102) – effective 1 January 2015.

These accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investments. The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

At the time of approval of the Annual Report, the COVID-19 pandemic continues to evolve and the long-term impact on the school, in common with other businesses, is unknown. The Trustee has reviewed the position carefully with a view to ensuring the ongoing provision of schooling for the pupils as well as employment of staff. The capital works in relation to the construction of a classroom block were paused for 9 months to manage cash flow whilst considering the effects on operations as well as future pupil numbers and construction is now continuing. There are currently significant cash balances should additional liquidity be required through this period of uncertainty to meet the liabilities as they fall due. The school has confirmed with its bankers that the existing overdraft facility continues for 12 months to June 2021 together with additional headroom if required. In addition, a £4m committed bank facility for 4 years was entered into on 11 November 2020. The Trustee has considered various scenarios including a reduction in pupil numbers. In the short term the Covid-19 pandemic is causing, and will continue to cause, significant reductions in income and uncertainty as to future pupil numbers. At the time of approving these financial statements the School has not been notified of any material reduction in prospective pupil numbers relative to those which the School has used for the purposes of financial modelling and forecasting. The School has considered various financial forecasts taking account of the then current cash reserves and bank facilities and the ability to rescale the School's activities. Accordingly, the Trustee believes the School's financial resources are sufficient to ensure the School will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

The School is a Public Benefit Entity registered as a charity in England and Wales. It was registered as a charity on 10 April 1964 (charity number 310870).

Critical accounting judgments and key sources of estimation uncertainty

In the application of the accounting policies, Trustee is required to make judgments, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Trustee, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying value in the next financial year.

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

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the year in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School but include contributions received from Restricted Funds for Scholarships, Bursaries and other grants. Fees received in advance of education to be provided in future years under an Advance Fee Payments Scheme contract are held as interest-bearing liabilities until either taken to income in the term when used or else refunded.

Donations and legacies

Donations receivable for the general purpose of the Charity are credited to Unrestricted Funds. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Trustee. Donation and legacy income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Grant Income

Government grants are recognised on the performance model, when the charity has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs relate to.

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to the present value for longer-term liabilities. Expenditure attributable to more than one cost category in the SOFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use of the underlying assets, as appropriate. The irrecoverable element of VAT is included within the item of expense to which it relates.

Governance costs comprise the cost of the external audit and reimbursement of Trustee Directors' expenses when attending meetings.

Pension schemes

Retirement benefits to employees of the School are provided through three pension schemes, two defined benefit and one defined contribution. The pension costs charged in the Statement of Financial Activities are determined as follows:

- a) The Teachers' Pension Scheme – this scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the School accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable. The Charity contributes to the Teachers' Pension Scheme; a multi-employer defined benefit pension scheme, at rates, varying between 7.4% and 11.7% for employees and 23.68% for employers, set by the Scheme Actuary and advised to the Board by the Scheme Administrator.
- b) The Pension Trust Scheme – this scheme is a multi-employer pension scheme. It is not possible to identify each individual employee's share of the underlying assets and liabilities. In most respects it is a multi-employer scheme but it has some guarantees. As a result it is not possible to identify the School's share of the underlying assets and liabilities of the scheme. However, the School remains potentially liable for a debt on withdrawal from the scheme. In accordance with FRS102 the scheme is accounted for as if it were a defined contribution scheme – see also note 22 (b). The School's contributions of 5% are charged in the period in which the salaries to which they relate are payable for senior non-teaching members of staff
- c) The People's Pension Scheme – this is a money purchase pension scheme. The School's contributions are charged in the period in which the salaries to which they relate are payable for other non-teaching staff

School land and buildings, equipment and plant and machinery

Capitalisation and replacement

Freehold land and buildings were professionally valued by Mullucks Wells, chartered surveyors, in August 2014. The basis of the valuation was that residential freehold and educational buildings were valued on an open market

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

valuation with vacant possession. The August 2014 valuation highlighted a material increase in the value of the freehold land and buildings and the assets are included at this value.

The School has elected, in accordance with Section 35.10(d) of FRS102, to use the carrying values on 1 September 2014, the date of transition to FRS102, of any of the above freehold land and buildings previously carried at valuation, as their deemed cost. All tangible fixed assets are held for use on charitable activities.

School land and buildings, equipment and plant and machinery

Depreciation

Depreciation is provided on other fixed assets to write off their cost, less estimated residual value based on current market prices, in equal instalments over estimated useful lives at the following rates:

Freehold buildings	-	2% to 10% straight line
Plant and equipment	-	10% straight line
Motor vehicles	-	25% straight line

Items costing over £2,500 are capitalised.

Investments

Investments are valued in the balance sheet at their mid-market value at the balance sheet date. Unrealised gains and losses arising on revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate fund according to the "ownership" of the underlying assets.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade, other debtors and accrued income but excludes prepayments. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions and fees received from parents in advance of Autumn term. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Advance Fee Scheme payments

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle School fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

2 CHARITABLE ACTIVITIES – FEES RECEIVABLE

	2020 £	2019 £
Fees receivable consist of:		
School fees	22,072,926	24,520,130
Less: total bursaries, scholarships and allowances	(2,861,676)	(3,044,711)
	<u>19,211,250</u>	<u>21,475,419</u>
Add back: Bursaries and other awards paid for by restricted funds	146,386	103,750
	<u>19,357,636</u>	<u>21,579,169</u>

Scholarships, bursaries and other awards were paid to 382 pupils (2019: 394). Within this means tested bursaries totalling £1,033,277 were paid to 81 pupils (2019: £919,980 to 67 pupils)

3 CHARITABLE ACTIVITIES - OTHER INCOME

	2020 £	2019 £
Ancillary trading income		
Extras	1,089,506	1,557,069
Entrance and registration fees	54,250	58,665
Commission and other income	28	-
Transport	168,971	231,904
International Summer School and courses	24,256	1,316,268
School bookshop	45,849	59,296
	<u>1,382,920</u>	<u>3,223,202</u>

4 OTHER TRADING ACTIVITIES

	2020 £	2019 £
Trading income		
Lettings and sports clubs	75,139	239,155
Other School Shops	268,084	336,614
	<u>343,223</u>	<u>575,769</u>
Other activities		
Interest on overdue fees	3,004	12,856
Other income	49,471	63,621
	<u>52,475</u>	<u>76,477</u>

5 INVESTMENT INCOME

	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Securities investment income:					
Equities	-	35,484	-	35,484	34,786
Property investment income:					
Rents receivable	30,879	-	-	30,879	26,663
	<u>30,879</u>	<u>35,484</u>	<u>-</u>	<u>66,363</u>	<u>61,449</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

6 GRANTS AND DONATIONS RECEIVABLE

	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Bursaries	-	75,405	-	75,405	40,950
Development donations		30,222	-	30,222	57,158
Other	59,295	82,502	-	141,797	166,126
Coronavirus Job Retention Scheme	1,575,745	-	-	1,575,745	-
	<u>1,635,040</u>	<u>188,129</u>	<u>-</u>	<u>1,823,169</u>	<u>264,234</u>

7 ANALYSIS OF EXPENDITURE

a) Total expenditure

Year to 31 August 2020

	Staff Costs (note 9) £	Depreciation (note 10) £	Other costs £	2020 £
Cost of raising funds:				
Trading costs	227,942	-	185,371	413,313
Costs of other activities	382,396	-	248,389	630,785
Financing costs (note 8)	-	-	87,590	87,590
Development costs	95,812	-	67,982	163,794
Total costs of raising funds	<u>706,150</u>	<u>-</u>	<u>589,332</u>	<u>1,295,482</u>
Charitable expenditure				
Education and grant making				
Teaching	9,519,179	-	1,792,196	11,311,375
Welfare	2,444,435	-	870,608	3,315,043
Premises repair and maintenance	843,632	951,372	2,290,798	4,085,802
Support costs and governance	2,523,801	-	1,149,354	3,673,155
Grants, awards and prizes (note 7b)	-	-	150,522	150,522
Total charitable expenditure	<u>15,331,047</u>	<u>951,372</u>	<u>6,253,478</u>	<u>22,535,897</u>
Total expenditure	<u>16,037,197</u>	<u>951,372</u>	<u>6,842,810</u>	<u>23,831,379</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

7 ANALYSIS OF EXPENDITURE (CONTINUED)

Year to 31 August 2019	Staff Costs (note 9) £	Depreciation (note 10) £	Other costs £	2019 £
Cost of raising funds:				
Trading costs	253,442	-	272,297	525,739
Costs of other activities	585,055	-	756,577	1,341,632
Financing costs (note 8)	-	-	76,392	76,392
Development costs	71,724	-	37,051	108,775
Total costs of raising funds	910,221	-	1,142,317	2,052,538
Charitable expenditure				
Education and grant making				
Teaching	8,890,829	-	2,519,091	11,409,920
Welfare	2,274,839	-	1,143,410	3,418,249
Premises repair and maintenance	769,903	935,626	2,364,640	4,070,169
Support costs and governance	2,492,416	-	1,154,688	3,647,104
Grants, awards and prizes (note 7b)	-	-	109,434	109,434
Total charitable expenditure	14,427,987	935,626	7,291,263	22,654,876
Total expenditure	15,338,208	935,626	8,433,580	24,707,414

Depreciation and other costs relating to Felsted School endowed fund properties totalling £229,295 (2019: £229,295), have been charged directly to the endowment fund. We have restated the presentation of extras income and expenditure and restated the comparative as per note 3.

b) Grants, awards and prizes

	Total and Restricted Funds	
	2020 £	2019 £
From Restricted Funds		
Bursaries and other grants and awards	150,522	109,434

c) Governance included in support costs

	2020 £	2019 £
Remuneration paid to auditor for audit services (including irrecoverable VAT)	26,472	26,000
Reimbursement of personal expenses to Trustee Directors – travel costs	679	869
	27,151	26,869

Travel expenses were reclaimed by two members (2019: two) of the Trustee Board. In addition to the above audit remuneration the auditor received fees for taxation compliance services totalling £3,000 (2019: £7,620).

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

8 FINANCE AND OTHER COSTS

	2020	2019
	£	£
Fees in advance debt financing cost	86,569	73,392
Pension Scheme financing cost	1,021	3,000
	<u>87,590</u>	<u>76,392</u>

9 STAFF COSTS

	2020	2019
	£	£
The aggregate payroll costs for the year were as follows:		
Wages and salaries	13,010,196	12,943,541
Social security costs	1,200,596	1,165,043
Pension contributions	1,826,405	1,229,625
	<u>16,037,197</u>	<u>15,338,209</u>

None of the Trustee Board received any remuneration or other benefits from Felsted School or from any connected body.

Aggregate employee benefits of key management personnel

642,193	585,459
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Number of higher paid employees in bands of:

	2020	2019
	Number	Number
£60,001 - £70,000	21	20
£70,001 - £80,000	4	6
£80,001 - £90,000	1	1
£100,001 - £110,000	1	-
£110,001 - £120,000	2	2
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

The number of higher paid employees with retirement benefits accruing -in Defined Contribution Schemes was

Of which the contributions amounted to
- Defined Benefit Schemes was

4	4
£11,501	£11,622
26	26

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

9 STAFF COSTS (CONTINUED)

The average number of employees during the year was:

	2020 Actual	2019 Actual	2020 Full time equivalent Number	2019 Full time equivalent Number
	Number	Number		
Teaching	159	157	143	141
Welfare	181	187	102	107
Premises	30	27	27	26
Support	159	161	95	97
Other activities	45	73	32	19
	<u>574</u>	<u>605</u>	<u>399</u>	<u>390</u>

During the year there were redundancy and termination payments made which amounted to £2,080 and £40,277 respectively (2019: £nil and £21,500 respectively). There were no amounts outstanding at the year end.

10 TANGIBLE FIXED ASSETS

	Assets Under Construction £	Freehold Land and Building £	Plant and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2019	1,639,570	42,651,400	1,152,081	651,952	46,095,003
Additions	910,620	-	222,129	94,941	1,227,690
Disposals	-	-	(2,640)	(18,690)	(21,330)
Transfer on completion	(1,001,410)	1,001,410	-	-	-
	<u>1,548,780</u>	<u>43,652,810</u>	<u>1,371,570</u>	<u>728,203</u>	<u>47,301,363</u>
DEPRECIATION					
At 1 September 2019	-	4,050,178	637,881	515,275	5,203,334
Charge for the year	-	761,728	93,586	96,058	951,372
Disposals	-	-	(2,134)	(18,690)	(20,824)
	<u>-</u>	<u>4,811,906</u>	<u>729,333</u>	<u>592,643</u>	<u>6,133,882</u>
NET BOOK VALUE					
At 31 August 2020	<u>1,548,780</u>	<u>38,840,904</u>	<u>642,237</u>	<u>135,560</u>	<u>41,167,481</u>
At 31 August 2019	<u>1,639,570</u>	<u>38,601,222</u>	<u>514,200</u>	<u>136,677</u>	<u>40,891,669</u>

* The School has elected, in accordance with Section 35.10(d) of FRS102, to use the carrying values on 1 September 2014, the date of transition to FRS102, of any of the above freehold land and buildings previously carried at valuation, as their deemed cost. All tangible fixed assets are held for use on charitable activities.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

11 SECURITIES INVESTMENTS	2020 £	2019 £
At 1 September 2019	1,164,809	1,085,921
Additions	-	4,863
Disposals	(4,900)	-
Realised gain	37	-
Increase in value of investments	25,639	74,025
Investments at 31 AUGUST 2020	1,185,585	1,164,809
Investments comprise:		
Listed investments		
Fixed interest	5,928	31,450
Equities	872,353	817,696
Alternative assets	219,215	265,576
Cash	88,089	50,087
Investments at 31 AUGUST 2020	1,185,585	1,164,809

In addition to the above investments, cash balances within the Fees in Advance Scheme are included in current assets as cash deposits. The main Securities investments are managed for the School by CCLA. All investments are managed and held in the UK.

12 DEBTORS	2020 £	2019 £
Fees and extras	292,619	592,515
Trade	8,954	23,697
Other debtors	338,376	82,751
Other prepayments and accrued income	136,520	201,294
Tax recoverable	105,947	77,375
	882,416	977,632

All debtors are due within one year

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

13 CREDITORS: due within one year

	2020 £	2019 £
Deposits from parents	1,914,971	1,940,076
Fees received from parents in advance of term	2,388,455	2,813,524
Trade creditors	381,267	538,970
Taxation and social security	296,487	295,967
Fees in Advance Scheme	1,033,055	1,240,155
Accruals and deferred income	1,123,318	1,000,397
Philipps Fund loan	229,867	229,867
	<u>7,367,420</u>	<u>8,058,956</u>

There is a bank overdraft standing facility of £800,000, with an approved termly temporary increase to £1.3m, secured on the freehold property to provide working capital as the need arises. A secured revolving credit facility of £4m was approved on 11 November 2020 and is also in place for working capital purposes. The loan from the Philipps Fund is interest free and payable on demand.

Pupil Fees Deposits – the total amount held in relation to fee deposits of £1,914,971 is included above. In the normal course of business, the expected repayment of these amounts will be £374,131 (2019: £374,131) within one year and £1,565,945 (2019: £1,565,945 after more than one year. The Trustee has considered the contract terms under which Pupil fee deposits are held by the School. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the School, pupils can leave at earlier dates. The School does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2020 have been included within current liabilities.

14 FEES IN ADVANCE SCHEME

Parents may enter into a contract to a minimum of three terms School fees in advance. The funds may be returned should the pupil leave the school for whatever reason. Assuming pupils will remain in the School, advance fees will be applied as follows:

	2020 £	2019 £
After 5 years	116,173	22,396
Within 2 to 5 years	655,572	990,114
Within 1 to 2 years	533,786	662,463
	<u>1,305,531</u>	<u>1,674,973</u>
Within 1 year	1,033,055	1,240,155
	<u>2,338,586</u>	<u>2,915,128</u>

Summary of movement in liability

	£
Balance at 1 September 2019	2,915,128
New Contracts	1,192,057
Repayments	(147,556)
Amounts used to pay fees	(1,707,612)
Amounts accrued to contract as debt financing cost	86,569
Balance at 31 August 2020	<u><u>2,338,586</u></u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

15 FINANCIAL INSTRUMENTS

	2020 £	2019 £
Financial assets measured at fair value (a)	1,185,585	1,164,809

(a) Financial assets held at fair value include assets held as investments

16 LEASES

The future minimum lease payments under non-cancellable operating leases for equipment which are all payable as follows:

	2020 £	2019 £
Within 1 year	79,636	79,636
Within 2 to 5 years	187,794	187,794
	<u>267,430</u>	<u>267,430</u>

Lease payments in year recognised as expenditure amounted to £133,992
(2019: £133,992)

17 FUNDS OF THE SCHOOL

The School's funds are analysed under the following headings

(a) Endowed funds

Endowment funds consist of investments and freehold land and buildings held by the School under permanent endowment, and special funds on which the capital must be retained and the income applied to specific purposes of the School.

(b) Restricted funds

- Annual Fund - this raises funds for small projects and extra-curricular activities that will be realised within a 12 month period.
- Bury Fund – the fund is provided to promote artistic and cultural endeavour by Felstedians and to provide support for art and travel costs.
- Bursary Funds – there are a number of bursary funds some of which are allocated to provide 100% bursary support for individual pupils as nominated by the benefactor. The income from endowed investments is used to support bursaries awarded during the year.
- Deacons' refurbishment – an appeal was undertaken to raise funds to refurbish Deacons Boarding House.
- Prize Funds – donations were received to nominate a pupil each year for a Prize. An amount is released each year to cover the cost of the prize awarded on Speech Day.

(c) Unrestricted funds

Unrestricted funds represent accumulated income from the School's activities and other sources that are available for the general purposes of the School.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	Endowment £	Total 31 August 2020 £
Tangible fixed assets	24,404,327	240,534	16,522,620	41,167,481
Securities investments	-	-	1,185,585	1,185,585
Net current assets	690,894	545,380	-	1,236,274
Long term liabilities	(1,400,274)	-	-	(1,400,274)
	<u>23,694,947</u>	<u>785,914</u>	<u>17,708,205</u>	<u>42,189,066</u>

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS AS AT 31 AUGUST 2019

	Unrestricted £	Restricted £	Endowment £	Total 31 August 2019 £
Tangible fixed assets	23,871,887	267,867	16,751,915	40,891,669
Securities investments	-	4,863	1,159,946	1,164,809
Net current assets	2,228,943	435,289	-	2,664,232
Long term liabilities	(1,793,875)	-	-	(1,793,875)
	<u>24,306,955</u>	<u>708,019</u>	<u>17,911,861</u>	<u>42,926,835</u>

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

19 SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	31 August 2019	Income	Expenditure	Transfer between funds & revaluation	31 August 2020
	£	£	£	£	£
Unrestricted funds					
General reserve	24,451,071	22,844,321	(23,474,870)	(4,863)	23,815,659
Pension reserve	(144,116)	-	23,404		(120,712)
	<u>24,306,955</u>	<u>22,844,321</u>	<u>(23,451,466)</u>	<u>(4,863)</u>	<u>23,694,947</u>
Restricted funds					
Annual Fund	51,474	30,222	(4,136)	-	77,560
Bury Fund	2,799	-	-	-	2,799
Bursary Funds	509,378	110,889	(146,387)	-	473,880
Deacons' refurbishment	4,666	-	-	-	4,666
Prize Funds	4,576	-	(95)	-	4,481
Marshall Centre	126,949	78,752	-	4,900	210,601
Windsors – Malone legacy	8,177	-	-	-	8,177
Other	-	3,750	-	-	3,750
	<u>708,019</u>	<u>223,613</u>	<u>(150,618)</u>	<u>4,900</u>	<u>785,914</u>
Endowed – permanent					
Endowed reserve	17,911,861	-	(229,295)	25,639	17,708,205
	<u>17,911,861</u>	<u>-</u>	<u>(229,295)</u>	<u>25,639</u>	<u>17,708,205</u>
Total funds	<u>42,926,835</u>	<u>23,067,934</u>	<u>(23,831,379)</u>	<u>25,676</u>	<u>42,189,066</u>

The transfer between funds relates and the allocation of a legacy towards the Marshall Centre.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

19 SUMMARY OF MOVEMENTS ON MAJOR FUNDS AS AT 31 AUGUST 2019

	1 September 2018	Income	Expenditure	Transfer between funds & revaluation	31 August 2019
	£	£	£	£	£
Unrestricted funds					
General reserve	23,310,248	25,532,109	(24,368,286)	(23,000)	24,451,071
Pension reserve	(192,812)	-	25,696	23,000	(144,116)
	<u>23,117,436</u>	<u>25,532,109</u>	<u>(24,342,590)</u>	<u>-</u>	<u>24,306,955</u>
Restricted funds					
Annual Fund	-	57,158	(5,684)	-	51,474
Bury Fund	2,799	-	-	-	2,799
Bursary Funds	537,392	75,736	(103,750)	-	509,378
Deacons' refurbishment	4,666	-	-	-	4,666
Prize Funds	4,671	-	(95)	-	4,576
Marshall Centre	-	126,949	-	-	126,949
Malone Legacy	-	8,177	-	-	8,177
Other	-	26,000	(26,000)	-	-
	<u>549,528</u>	<u>294,020</u>	<u>(135,529)</u>	<u>-</u>	<u>708,019</u>
Endowed – permanent					
Endowed reserve	18,067,131	-	(229,295)	74,025	17,911,861
	<u>41,734,095</u>	<u>25,826,129</u>	<u>(24,707,414)</u>	<u>74,025</u>	<u>42,926,835</u>

20 CAPITAL COMMITMENTS

Commitments for future capital expenditure not provided for in these accounts were as follows:

	2020 £	2019 £
Authorised and contracted	<u>4,735,095</u>	<u>-</u>

21 PENSION COMMITMENTS

The School makes annual payments to former employees, and during the year these amounted to £14,015 (2019: £15,614). These payments are subject to an annual review.

22 PENSION SCHEMES

a) Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,591,297 (2019 £1,061,079) and at the year-end £195,218 (2019: £145,736) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020. As a result of the consultation, the government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin, under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022, at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

Until the cost cap mechanism review is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

b) The Pensions Trust Retirement Solutions - The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

22 PENSION SCHEMES (CONTINUED)**b) The Pensions Trust Retirement Solutions - The Growth Plan (continued)**

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

- Deficit contributions - from 1 April 2019 to 31 January 2025 £11,243,000 per annum payable monthly increasing by 3% each year on 1st April. Unless a concession has been agreed with the Trustees the term to 31 January 2025 applies. From 1 April 2020 the School's deficit contributions were £25,969 per annum.

The scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

- Deficit contributions - from 1 April 2016 to 30 September 2025 £12,945,440 per annum payable monthly increasing by 3% each year on 1st April.

The recovery plan contributions are allocated to each participating employer in line with their estimate share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision**Reconciliation of opening and closing provisions**

	2020	2019
	£	£
Provision at start of period	144,116	192,812
Unwinding of the discount factor (interest expense)	1,021	3,000
Deficit contribution paid	(25,528)	(25,696)
Remeasurements – impact of any changes in assumptions	1,103	3,000
Remeasurements – amendments to the contribution schedule	-	(29,000)
Balance at 31 August 2020	120,712	144,116

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

22 PENSION SCHEMES (CONTINUED)

b) The Pensions Trust Retirement Solutions - The Growth Plan (continued)

	2020 £	2019 £
After 5 years	-	18,051
Within 2 to 5 years	68,772	75,639
Within 1 to 2 years	25,970	25,213
	<u>94,742</u>	<u>118,903</u>
Within 1 year	25,970	25,213
	<u>120,712</u>	<u>144,116</u>
	<u>120,712</u>	<u>144,116</u>

Income and expenditure impact

	2020 £	2019 £
Interest expense	1,021	3,000
Remeasurements – impact of any changes in assumptions	1,103	(3,000)
Remeasurements – amendments to the contribution schedule	-	-
Costs recognised in Statement of Financial Activities	25,528	25,597

Assumptions

	At 31 August 2020	At 31 August 2019	At 31 August 2018	At 31 August 2017
	% per annum	% per annum	% per annum	% per annum
Rate of discount	0.55	0.97	1.68	1.20

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The School has been notified by The Pensions Trust Retirement Solutions of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2019. As of this date the estimated employer debt on withdrawal for the School was £314,228 (2019: £296,098.)

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

23 RELATED PARTY TRANSACTIONS

Certain Directors of the Trustee Company had interests in transactions involving the School:

Mr P.J. Hutley owns a property which is leased to the School. During the year rent of £9,360 (2019: £9,360) was paid by the School. No balances were due at the year end.

Dr Nicholson, Mr Beale, Mr Wolfe are parents of pupils in the School. These families are paying School fees in accordance with the School's standard terms and conditions. During the year 4 (2019: 7) members of staff were employed on standard terms and conditions by the School who were related to Directors of the Trustee Company.

During the year donations of £45,403 (2019: £90,531) were received from Directors of the Trustee Company.

24 CONNECTED CHARITIES AND COMPANIES

Felsted School is supported by The Philipps Fund, which raises funds for the benefit of the School. At 31 August 2020 £229,867 (2019: £229,867) was owed to the Philipps Fund.

A trading company, Felsted School Enterprises Ltd, was incorporated on 21 August 2006 and remained dormant throughout the year.

FELSTED SCHOOL

NOTES TO THE ACCOUNTS - CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2020

25 STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Year to 31 August 2019 £
Income and endowments from:					
Charitable activities					
School fees receivable	2	21,579,169	-	-	21,579,169
Ancillary trading income	3	3,223,202	-	-	3,223,202
Other trading activities					
Non-ancillary trading income	4	575,769	-	-	575,769
Other activities	4	76,477	-	-	76,477
Investments					
Investment income	5	26,663	34,786	-	61,449
Bank and other interest		45,827	-	-	45,827
Voluntary sources					
Grants and donations	6	5,000	259,234	-	264,234
Total income		25,532,107	294,020	-	25,826,127
Expenditure on:					
Raising funds					
Non-ancillary trading		525,739	-	-	525,739
Other income-generating activities		1,341,632	-	-	1,341,632
Financing costs	8	76,392	-	-	76,392
Fundraising & Development		108,775	-	-	108,775
Total deductible costs	7	2,052,538	-	-	2,052,538
Charitable activities					
Education and grant making	7	22,290,052	135,529	229,295	22,654,876
Total expenditure		24,342,590	135,529	229,295	24,707,414
Net incoming funds from operations before transfers and investment gains					
		1,189,519	158,491	(229,295)	1,118,715
Gains on investments	11	-	-	74,025	74,025
Transfers between funds	19	-	-	-	-
Net income and movement in funds for the year		1,189,519	158,491	(155,270)	1,192,740
Fund balances at 1 September 2018		23,117,436	549,528	18,067,131	41,734,095
FUND BALANCES at 31 AUGUST 2019		24,301,955	713,019	17,911,861	42,926,835