

Registered number: 00587487
Charity number: 307793

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)

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MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020**

Governors

Mrs G D duCharme
Mrs J M Webb
Mr S F Cloke
Dr R Ratnavel
Mr T M N Lawson
Mr N G Taylor
Mr S J Hodson, Chairman
Mrs S R Reeves
Mrs A H Petch
Mr P W Smallwood
Mr O A Reynolds
Mr H R F Somerset

Company registered number

00587487

Charity registered number

307793

Registered office

Marlborough House School Trust Limited, Hawkhurst

Head

Mr E Newton

Company Secretary & Bursar

Mr D St John Parker

Independent auditor

Crowe U.K. LLP, Riverside House, 40 - 46 High Street, Maidstone, Kent, ME14 1JH

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Governors present their annual report together with the audited financial statements for 1st September 2019 to 31st August 2020. The Governors confirm that the Annual Report and financial statements of the School comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

Marlborough House School ('the School') is registered with DCSF as School Number 886/6005. It is registered as Charity Number 307793, and holds the Company Registration number 587487, with the liability of its members limited to £1 each by guarantee. Within the insurance policies that the School holds is an extension that indemnifies the Trustees against any acts that result in action against them. None of the Directors has any beneficial interest in the Company. The Registered Office and principal address of the Company is at Marlborough House School, High Street, Hawkhurst, Kent, TN18 4PY.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status of the company

Marlborough House School was founded in 1874 and was incorporated on 18th July 1957 under the Companies Acts 1948 as Marlborough House School Trust Limited, a Charitable Company limited by guarantee.

Governing body

The School is governed by its Memorandum and Articles of Association. The Directors of the School, who are also the Charity Trustees and the School Governors, who served during the year are shown below:

Mrs G duCharme Mr S F Cloke
Mr S J Hodson (Chairman) Mr T N M Lawson
Mrs A Petch Dr R Ratnavel
Mrs S R Reeves Mr O A Reynolds Mr P W Smallwood Mr H R F Somerset Mr N Taylor
Mrs J M Webb

Board of Governors

The Directors, who are also the Charity Trustees, are required under the Articles to serve as Governors of the School. They are elected at a full Governors' Meeting on the basis of nominations received from existing Governors and the Head taking independent advice as appropriate in order to ensure a suitable cross section of expertise, personal competence, specialist skills and local availability. Governors serve for an initial term of five years and are eligible to stand for re-election for further five year terms.

Governor training

New Governors are inducted into the workings of the School, and also of the Company as a Registered Charity including Board Policy and Procedures, through a programme arranged by the Head and Clerk to the Governors. Training Days and Extraordinary Meetings are scheduled periodically to provide updates for the Directors and to consider strategic planning and governance issues. New Governors have the opportunity to attend the Association of Governing Bodies in Independent Schools (AGBIS) New Governors Course and all Governors have the opportunity to attend AGBIS briefings and specialist courses run by external organisations.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Organisational management

The Governors as Directors determine the general policy of the School and review its overall management and control. The day to day management of the School is delegated to the key management personnel, comprising the Head, the Bursar and the other members of the School's Senior Leadership Team. The Governors meet as a Board at least three times a year. The work of implementing most of the Board's policies is carried out by the Finance and Property Committee (specifically to review the budgets, annual accounts and reports), the Marketing Committee, the Education Committee and the Health and Safety Committee, each of which meets at least three times a year prior to the Main Board meetings. In addition, the Board has a Buildings Committee, which has been considering ways to develop the School's premises and facilities. Each Committee operates under specific terms of reference agreed by the Board of Governors and has its decisions ratified by the full Board. The Head and the Bursar attend all meetings of the full Board, and the Head and/or the Bursar attend all meetings of the Board Committees.

Group structure and relationships

The School is an active member of the Independent Association of Prep Schools ('IAPS') and the Boarding School Association ('BSA') for the promotion and maintenance of preparatory school standards generally and also takes part in peer group studies for the evaluation of quality and performance improvement methods. The School actively seeks to engage with local Charities, community and voluntary groups in continuing endeavours to widen public access to its facilities, to optimise the educational use of its cultural and sporting facilities and to awaken in the pupils an awareness of the wider social context of the education they receive at the School.

OBJECTIVES AND ACTIVITIES

The principal object of the Company, in accordance with its Memorandum and Articles of Association, is the education of children at the Independent Preparatory School of Marlborough House, Hawkhurst, Kent. In the furtherance of this object, the Directors, as the Charity Trustees, have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub sector guidance concerning the operation of the Public Benefit requirement under that Act.

Principal Activity

Marlborough House School Trust's principal activity is the provision of a Preparatory School in Hawkhurst for girls and boys aged from rising 3 to 13. In conducting its business, the School is one of the biggest local employers with very many members of its staff resident within the immediate area. The School uses the services of local businesses and suppliers where possible. Total pupil numbers stood at 260 in the Summer term 2020.

Strategic Aim and Effect

The Board's overall strategic aim is to satisfy the requirements of Public Benefit by operating Marlborough House School as a charitable Independent Preparatory School. While the families of most of the School's pupils pay full fees, the Board aims to set these fees at a level which enables the School to provide bursaries to the families of a number of pupils who otherwise would not be able to attend the School.

The Board's strategic aim for the School is for it to offer an outward looking, secure and inclusive environment for the whole School community, using high quality resources and a high standard of facilities, and providing an excellent all round education for the School's pupils. To help achieve its objectives, the Board aims to ensure that the School is as close to capacity as possible, maintains a high teacher to pupil ratio and tailors its teaching and pastoral care services to suit pupils' individual needs.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives for the Year

The Board's main objectives for the School during the year under review were:

1. to ensure the smooth transition of the Acting Head into this new leadership role and to liaise with the Senior Leadership Team on their strategic aims and intents for the year ahead;
2. to help provide a stable environment for the School community after a period of change;
3. to recruit a new Chair of Governors and support this transition;
4. to appoint a new Head, with a proven track record of successfully leading a School, who shares the same vision for the successful development of the School as the Board
5. to work with the new Head, the Bursar and other members of the Senior Leadership Team to continue to implement the School's long term Strategic Plan;
6. to continue to educate pupils at the School to a very high standard, ensuring all pupils reach their full potential in all aspects of school life and are well prepared for their move into senior school;
7. to support the launch of the Pre-Senior Baccalaureate with Year 7 pupils;
8. to continue to provide bursaries to the families of pupils who would otherwise not be able to attend the School;
9. to continue to work collaboratively with local charities, community and voluntary organisations and educational bodies to provide access to the School's facilities;
10. to undertake and complete the proposed works to extend the Sports Hall and to add improved changing facilities;
11. to support the development of a new School website and prospectus;
12. to liaise with the Acting Head and Senior Leadership Team on a proposal to decrease costs for the coming year.

Grant making policies

During the financial year under review, the School has maintained its means tested bursary support for 9 pupils (2019: 7 pupils) at a cost of £58,562 (2019: £42,657) through its own Bursary Scheme. This support is available on a needs basis as determined by the members of the Finance and Property Committee following discussions with the Head and Bursar. The School's policy on awarding bursaries is kept under regular review by the Board.

STAFF

Volunteers

The Friends of Marlborough House continue to help with the School's charitable fundraising and cultural activities, with members devoting considerable time and resources on a voluntary basis. The Board is very appreciative of their work on behalf of the School.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Remuneration of Employees

The remuneration of the Head and the Bursar is set by the Board. The remuneration of other members of the Senior Leadership Team and all other staff is determined by the Head and the Bursar in accordance with the whole School remuneration policy and budget, which is set annually by the Board following a recommendation by the Finance and Property Committee. In setting this policy and budget, reference is made to comparisons with other schools to ensure that the School is sensitive to the broader issues of pay and employment conditions elsewhere. Staff costs are, by a long way, the largest single element of the School's regular charitable expenditure, and the Board believes that successful delivery of the School's charitable vision and purpose is very significantly dependent on the skills, expertise and performance of the key management personnel and all other members of the School's staff.

REVIEW OF ACTIVITIES

Achievements and Performance

During this academic year, the School made significant achievements in a variety of areas, particularly in relation to the challenging circumstances that they faced in light of the Covid restrictions placed on schools by central Government. At the start of the pandemic, the Government mandated the closure of schools which meant that Marlborough House moved to remote teaching while its buildings were shut.

All teachers undertook training in the delivery of remote teaching and were able to deliver live lessons across the School from the beginning of the Summer Term.

A Key Worker Provision was established on-site for all families that were in need that extended across all year groups.

A gradual but full return of all pupils was successful by the end of the academic year, with a good range of summer events being available online.

A new Senior curriculum (Pre-Senior Baccalaureate) was launched in Year 7 with staff trained appropriately. This was shared with parents in all year groups in face to face meetings.

Academic results were high with 12 scholarships being awarded to pupils, 7 in Year 8 and 5 in Year 6. 10 Year 6 pupils gained places at Grammar Schools, whilst at 13+, there was 100% success rate.

The School made a conscious decision to support one local charity this year and worked in close collaboration with them, including sending pupils to physically help with activities on site.

The development of facilities continued, with the extension to the Sports Hall being completed and opened for use in the Autumn Term.

FUTURE DEVELOPMENTS

The arrival of a new, experienced Head allows the School to look forward with confidence and optimism. Eddy Newton's initial tasks are to give certainty and reassurance to the staff and parents, while preparing a new Strategic Plan for the School.

Physical developments include sharpening up the appearance of certain buildings (painting of the Old Gym and Sport Hall) and preparing for the extension and refurbishment of the Art and DT buildings in the summer of 2021. A thorough review of site usage and a timetable for the improvement of outdoor sports' facilities are also on the agenda.

With COVID-19 still a major factor, the preparation for high standard delivery of remote teaching remains a

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

priority, as does the installation of satisfactory safety measures for the day to day use of the School.

Finally, alongside Marketing and Admissions, there is a planned drive to increase pupil numbers while simultaneously looking at the staff costs of the School. The Strategic Plan anticipates a 10% increase in pupil numbers over 2 years, with a 7% reduction of costs in the period to January 2022.

In the first quarter of 2021, following consultation, the school made the decision to leave the Teachers' Pension Scheme and transfer the eligible employees to a new defined contribution scheme.

FINANCIAL REVIEW

The Directors report a deficit before depreciation, amortisation and property revaluations for the year ended 31st August 2020 of £133,862 (2019 surplus : £125,786). Total income of £3,496,317 (2019 : £4,202,953), which included revenue that was received as a result of the School claiming under the Government's Covid related support measures - particularly the Coronavirus Job Retention Scheme, was 17% lower than that achieved in the previous year, while total expenditure (before depreciation and amortisation) of £3,630,179 (2019 : £4,077,167) was 11% lower than the previous year. Total income was lower than had been expected during the year, largely because the Board decided to reduce significantly the fees payable in the Summer Term to reflect the fact that the School property was closed as a result of the Covid-19 pandemic. Total expenditure was carefully controlled but could not be reduced by an amount equivalent to the income reduction, largely because of the fixed nature of some costs and because additional costs were incurred in delivering educational provision via remote platforms.

Capital expenditure during the year totalled £239,259 (2019 : £1,259,131). £52,041 was expended on the Buildings Development Plan (including finalising the works to extend the Sports Hall), £166,634 was spent to replace the collapsed retaining wall around the swimming pool, with £15,523 also spent on fixtures and fittings, and £5,061 on IT equipment.

Funds are raised from fee income and a proportion of net fee income is used directly to support children through means tested bursaries and grants for fees. In this way families of children who would otherwise not be able to attend the School are given financial support; this includes some cases of hardship in the families of existing pupils.

Investment powers are set out in the Memorandum and Articles of Association. These permit the Directors to invest the monies of the Trust not immediately required for its purposes in, or upon such investments, securities or property as may be thought fit, but so that monies subject to, or representing property subject to the jurisdiction of the Charity Commissioners for England and Wales or the Secretary of State for Children, Schools and Families, shall only be invested in such securities and with such sanction, if any, as may for the time being be prescribed by law.

During the year investment income totalled £1,238 (2019 : £1,893).

RESERVES POLICY

At 31st August 2020, unrestricted funds (after excluding those funds which have been designated for specific purposes) stood at £5,669,426 (31st August 2019 : £5,306,244). The School aims to increase its unrestricted funds each year by budgeting for a modest post depreciation surplus to be achieved and through careful financial management. This objective was not achieved during the year under review in terms of underlying financial performance. The reason for the increase in reserves in the year is due to a revaluation gain on investment properties of £737,520.

At 31st August 2020, free reserves (after deducting the carrying value of fixed assets which are all held for the School's use), as defined by the Charity Commission, stood at £410,811 (31st August 2019 : £538,716).

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

At 31st August 2020, the School had total cash of £1,265,601 (2019 : £1,571,780). After deducting fees paid in advance, deposits and amounts received under the advance fee payment scheme, underlying cash stood at £873,892 (2019 : £984,263). This cash provides the School with financial security, as, in the event of a sudden significant drop in fee income, which could be caused by a substantial reduction in pupil numbers, it would enable the School's current activities to be continued while consideration was given to ways in which operating costs could be reduced or additional funds raised to ensure that the School's finances were sustainable.

Partly as a result of the reduction in income that the School received in the year to 31st August 2020 and partly to reflect continued uncertainties caused by the continuation of the Covid-19 pandemic, the Board took steps to ensure that the School increased its access to bank borrowing during the year. In this context, it received proceeds of £500,000 on excellent terms by taking out a loan through the Government backed Coronavirus Business Interruption Loan Scheme. While there is no immediate use for the proceeds of this loan, the Board considered it prudent to secure this facility, to provide additional liquidity should it be required.

During the 2019/20 financial year, the School has not taken part in or led an active programme of fundraising.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, through its Committees and with assistance from the School's Senior Leadership Team, keeps the School's activities under regular review, with particular regard to any risks which may arise. The Board discusses such risks and takes steps which aim to minimise the probability of occurrence and the extent of the impact that any of them may have on the continued success of the School.

The Board considers that the principal risks which could impact the School include the following:

- (i) a substantial reduction in pupil numbers. This could be caused, inter alia, by:
 - a decline in the affordability of school fees generally across the independent schools sector, meaning that fewer pupils attend independent preparatory schools, due, for instance, to a difficult economic environment, or changes in legislation or charity regulations; and
 - specific factors which could affect the School, such as a failure to recruit high quality staff, increased competition from nearby schools, the decision taken by a nearby Grammar School to reduce its intake age from 13 years old to 11 years old, and the unlikely event of severe reputational damage to the School being caused by actions or events involving the School's staff and/or pupils;
- (ii) catastrophic events, which could cause significant damage to the School's premises, including, for instance, flood or fire;
- (iii) personal health and safety risks, including a major accident involving the School's pupils and/or staff, either on the School's premises or when away from the School on trips organised by the School; and
- (iv) significant financial fraud.

The School maintains a Risk Management Register, which identifies the major risks to which the School is subject and describes the Control Procedures, including internal controls and other viable means, such as insurance cover, used to reduce the likelihood of each event occurring and/or to mitigate its effect. The School's Senior Leadership Team is responsible for ensuring that the risks identified are managed appropriately, with reference to the Control Procedures. The Risk Management Register is considered in detail by the Head, the Bursar and two Governors on at least an annual basis, and then reviewed by the Board as a whole.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

In addition, the Board oversees compliance with current legislation and the Regulatory Requirements of the Independent Schools Inspectorate, as well as regularly reviewing and considering the effectiveness of the School's Policies, which cover a wide range of matters which are important for the successful management of the School.

Inevitably, as a consequence of the Covid-19 pandemic, the School, was required to review with the utmost care and diligence its procedures in relation to managing the risk of infection before the School's premises fully reopened in the Autumn of 2020. These procedures are kept under constant review and the School continues to pay close attention to this dynamic situation. The School is confident that it can take whatever steps are needed to ensure a safe environment for pupils, staff and visitors to the School is maintained. At any time, the School will always aim to be ready fully to reopen its premises when Government guidance permits.

GOING CONCERN

Accounting standards require the governors to consider the appropriateness of the going concern basis when preparing the financial statements.

The Governors have prepared cashflow forecasts for the next 12 months based on current expectations of pupil numbers and expenditure. These cashflow forecasts also include the repayment of the current loan facilities upon the sale of three properties as noted in note 18 of the financial statements.

Taking into consideration all of the above factors, the governors have a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. The school therefore continues to adopt the going concern basis in preparing its financial statements.

GOVERNORS' RESPONSIBILITIES STATEMENT

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

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

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

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

This report was approved by the Governors, on *25th March 2021* and signed on their behalf by:



Mr S J Hodson, Chairman
Chairman

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBOROUGH HOUSE SCHOOL TRUST LIMITED

Opinion

We have audited the financial statements of Marlborough House School Trust Limited (the 'charitable company') for the Year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBOROUGH HOUSE SCHOOL TRUST LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBOROUGH HOUSE SCHOOL TRUST LIMITED (CONTINUED)

Responsibilities of trustees

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBOROUGH HOUSE SCHOOL TRUST
LIMITED (CONTINUED)



Ian Weekes (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Riverside House

40 - 46 High Street

Maidstone

Kent

ME14 1JH

Date: 28th April 2021

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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	4	103,949	-	103,949	-
Charitable activities	5	3,378,968	-	3,378,968	4,183,005
Other trading activities	6	12,162	-	12,162	18,055
Investments	7	1,238	-	1,238	1,893
Total income		3,496,317	-	3,496,317	4,202,953
Expenditure on:					
Raising funds	8	24,998	-	24,998	14,613
Charitable activities	9	3,845,656	-	3,845,656	4,275,501
Total expenditure		3,870,654	-	3,870,654	4,290,114
Net movement in funds before other recognised gains		(374,337)	-	(374,337)	(87,161)
Other recognised gains:					
Gains on revaluation of fixed assets		737,520	-	737,520	-
Net movement in funds		363,183	-	363,183	(87,161)
Reconciliation of funds:					
Total funds brought forward		5,306,244	2,313	5,308,557	5,395,718
Net movement in funds		363,183	-	363,183	(87,161)
Total funds carried forward		5,669,427	2,313	5,671,740	5,308,557

The Statement of Financial Activities includes all gains and losses recognised in the Year.

The notes on pages 17 to 36 form part of these financial statements.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 00587487

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	-	2,733
Tangible assets	14	5,258,615	5,708,978
Investment property	15	1,189,400	-
		6,448,015	5,711,711
Current assets			
Debtors	16	65,238	77,852
Cash at bank and in hand		1,265,601	1,571,780
		1,330,839	1,649,632
Creditors: amounts falling due within one year	17	(671,264)	(1,108,602)
Net current assets		659,575	541,030
Total assets less current liabilities		7,107,590	6,252,741
Creditors: amounts falling due after more than one year	18	(1,435,851)	(944,184)
Total net assets		5,671,739	5,308,557
Charity funds			
Restricted funds	19	2,313	2,313
Unrestricted funds	19	5,669,426	5,306,244
Total funds		5,671,739	5,308,557

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Governors on 25th March 2021 and signed on their behalf by:

Mr S J Hodson
(Chair of Trustees)



MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	(543,160)	350,207
Cash flows from investing activities		
Dividends, interests and rents from investments	1,238	1,893
Purchase of tangible fixed assets	(239,259)	(1,259,131)
Interest paid	(24,998)	(14,613)
Net cash used in investing activities	(263,019)	(1,271,851)
Cash flows from financing activities		
Cash inflows from new borrowing	500,000	944,184
Net cash provided by financing activities	500,000	944,184
Change in cash and cash equivalents in the Year	(306,179)	22,540
Cash and cash equivalents at the beginning of the Year	1,571,780	1,549,240
Cash and cash equivalents at the end of the Year	<u>1,265,601</u>	<u>1,571,780</u>

The notes on pages 17 to 36 form part of these financial statements

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. General information

Marlborough House School is a company limited by guarantee incorporated in England and Wales (company registration number 00587487 and charity number 307793). The principal activity is that of an independent school.

Its registered address is at:-

High Street
Hawkhurst
Cranbrook
TN18 4PY

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Accounting standards require the governors to consider the appropriateness of the going concern basis when preparing the financial statements.

The Governors have prepared cashflow forecasts for the next 12 months based on current expectations of pupil numbers and expenditure. These cashflow forecasts also include the repayment of the current loan facilities upon the sale of three properties as noted in note 18 of the financial statements.

Taking into consideration all of the above factors, the governors have a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. The school therefore continues to adopt the going concern basis in preparing its financial statements.

Marlborough House School Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.2 Income

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

School fees receivable, less any bursaries or scholarships are billed termly in advance and the income is recognised on the first day of the new term to which they relate. Where fees are received in advance of the relevant period, they are recognised as deferred income.

Income receivable for extras to the core school fees is billed in arrears on the following term's bill when the amount of income receivable can be measured reliably. Amounts are recognised in the period to which they relate and held in trade debtors until payment is received.

Donations, legacies, grants and other voluntary income are accounted for when the following criteria are satisfied; entitlement has arisen, the amount can be reliably measured and the economic benefit is considered probable.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.3 Expenditure

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

Costs of raising funds represent interest and other activities that raise funds.

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

All expenditure is inclusive of irrecoverable VAT.

2.4 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Intangible assets and amortisation

Intangible assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:ku

Amortisation is provided on the following basis:

Software	-	% Straight line over 3 years
----------	---	------------------------------

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives .

Depreciation is provided on the following bases:

Freehold property	-	over 10 - 50 years
Motor vehicles	-	Straight line over 5 years
Fixtures and fittings	-	Reducing balance at 15%
Computer equipment	-	Straight line over 3 years

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.8 Investment properties

The Trustees' policy is to revalue the company's investment properties at each reporting date.

Governors have assessed the value of the land and buildings based on independent valuations carried out in 2018 and updated for current market prices.

No depreciation is provided in respect of investment properties in accordance with section 16 of FRS 102 "Investment Property".

2.9 Debtors

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

2.10 Cash at bank and in hand

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

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.12 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The Charity also operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2.14 Fund accounting

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

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

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Tangible fixed assets: the trustees annually assess both the residual value of these assets and the expected useful life of such assets which is currently judged to be up to 50 years, based on experience.

ii) Recoverability of trade debtors: the directors annually assess whether a bad debt provision is required for any bad or doubtful debtor balances.

iii) Property valuations: investment properties are assessed on an annual basis by the Governors. The value of the properties is estimated to be the open market value at the balance sheet date.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	1,437	1,437	-
Government grants	102,512	102,512	-
	103,949	103,949	-
	103,949	103,949	-

Included in government grants is income relating to the corona virus job retention scheme as well as the income in relation to the first year interest on the CBILS loan.

The first year of interest on the CBILS loan is interest free for the School as it is paid for by the UK government. The applicable interest in the first year has been included as a government grant and corresponding interest charge in the financial statements.

5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £
Gross fee income	3,881,593	3,881,593
Less: bursaries, scholarships and allowances	(600,244)	(600,244)
Other charges to pupils	96,419	96,419
Registration fees	1,200	1,200
	3,378,968	3,378,968
	3,378,968	3,378,968

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from charitable activities (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Gross fee income	4,448,941	4,448,941
Less: bursaries, scholarships and allowances	(398,886)	(398,886)
Other charges to pupils	130,900	130,900
Registration fees	2,050	2,050
	4,183,005	4,183,005

6. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2020 £	Total funds 2020 £
Rent & Lettings	12,162	12,162
	12,162	12,162

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Rent & Lettings	18,055	18,055
	18,055	18,055

7. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	1,238	1,238
	1,238	1,238

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Investment income (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Bank interest	1,893	1,893

8. Expenditure on raising funds

Costs of raising funds

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest and charges	24,998	24,998

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Expenditure on raising funds (continued)

Costs of raising funds (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Bank interest and charges	14,613	14,613

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £
Teaching costs	2,317,243	2,317,243
Welfare costs	411,420	411,420
Premises	520,049	520,049
Support for schooling	596,944	596,944
	<u>3,845,656</u>	<u>3,845,656</u>

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Teaching costs	2,638,074	798	2,638,872
Welfare costs	470,363	-	470,363
Premises	551,327	-	551,327
Support for schooling	614,939	-	614,939
	<u>4,274,703</u>	<u>798</u>	<u>4,275,501</u>

10. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12,350	12,000
Fees payable to the Company's auditor in respect of: All non-audit services not included above	2,850	2,850
	<u>2,850</u>	<u>2,850</u>

11. Staff costs

	2020 £	2019 £
Wages and salaries	2,321,093	2,658,765
Social security costs	208,465	217,780
Contribution to defined contribution pension schemes	343,850	291,526
	<u>2,873,408</u>	<u>3,168,071</u>

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff costs (continued)

The average number of persons employed by the Company during the Year was as follows:

	2020	<i>2019</i>
	No.	<i>No.</i>
Teaching	65	<i>67</i>
Domestic	22	<i>24</i>
Administration	11	<i>13</i>
	98	<i>104</i>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	<i>1</i>
In the band £70,001 - £80,000	1	<i>-</i>
In the band £80,001 - £90,000	-	<i>1</i>

The total remuneration and benefits received by key management personnel during the year was £467,647 (2019: £530,674).

12. Governors' remuneration and expenses

During the Year, no Governors received any remuneration or other benefits (2019 - £NIL).

During the Year ended 31 August 2020, expenses totalling £815 were reimbursed or paid directly to Governors (2019 - £1,207).

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13. Intangible assets

	Computer software £
Cost	
At 1 September 2019	8,204
At 31 August 2020	<u>8,204</u>
Amortisation	
At 1 September 2019	5,471
Charge for the year	2,733
At 31 August 2020	<u>8,204</u>
Net book value	
At 31 August 2020	<u>-</u>
<i>At 31 August 2019</i>	<u><u>2,733</u></u>

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2019	7,171,639	96,358	994,419	658,630	8,921,046
Additions	218,675	-	15,523	5,061	239,259
Transfers between classes	(638,647)	-	-	-	(638,647)
At 31 August 2020	<u>6,751,667</u>	<u>96,358</u>	<u>1,009,942</u>	<u>663,691</u>	<u>8,521,658</u>
Depreciation					
At 1 September 2019	1,798,668	88,643	737,246	587,511	3,212,068
Charge for the Year	145,533	4,465	40,389	47,355	237,742
Transfers between classes	(186,767)	-	-	-	(186,767)
At 31 August 2020	<u>1,757,434</u>	<u>93,108</u>	<u>777,635</u>	<u>634,866</u>	<u>3,263,043</u>
Net book value					
At 31 August 2020	<u>4,994,233</u>	<u>3,250</u>	<u>232,307</u>	<u>28,825</u>	<u>5,258,615</u>
At 31 August 2019	<u>5,372,971</u>	<u>7,715</u>	<u>257,173</u>	<u>71,119</u>	<u>5,708,978</u>

15. Investment property

	Freehold investment property £
Valuation	
Transfers between classes	1,189,400
At 31 August 2020	<u>1,189,400</u>

Governors have assessed the value of the land and buildings based on independent valuations carried out in 2018 and updated for current market prices.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Debtors

	2020	2019
	£	£
Due within one year		
Trade debtors	29,902	60,813
Prepayments and accrued income	16,190	17,039
Grants receivable	19,146	-
	<u>65,238</u>	<u>77,852</u>

17. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	8,333	-
Trade creditors	136,710	119,369
Other taxation and social security	49,044	52,017
Fees in advance and deposits	290,799	451,534
Other creditors	36,192	59,102
Accruals and deferred income	49,276	290,597
Advance payment scheme	100,910	135,983
	<u>671,264</u>	<u>1,108,602</u>

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

	2020	2019
	£	£
Bank loans	<u>1,435,851</u>	<u>944,184</u>

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Creditors: Amounts falling due after more than one year (continued)

2020	<i>2019</i>
£	£

A bank loan was taken out during the prior year in order to assist with the development of a sports hall extension. During the current year a further £500,000 CBILS loan was taken out.

Interest is being charged on the loans at 1.5-2.34% p.a over base rate.

The repayment date of the original loan is the earlier of: A) the date which falls 30 months after the date of the loan or first part of it is drawn, or B) the sale completion date of the final Unit to be sold.

The 'Units' refer to three residential properties owned by the school.

The CBILS loan is repayable in installments over 6 years.

The first year of interest on the CBILS loan is interest free for the School as it is paid for by the UK government. The applicable interest in the first year has been included as a government grant and corresponding interest charge in the financial statements.

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds

Statement of funds - current Year

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds					
General Funds	5,306,244	3,496,317	(3,870,655)	737,520	5,669,426
Restricted funds					
Restricted Funds - all funds	2,313	-	-	-	2,313
Total of funds	5,308,557	3,496,317	(3,870,655)	737,520	5,671,739

Restricted funds consist of:

A music fund to be used in awarding prizes to pupils and in purchasing new musical instruments for the school's music department. At the balance sheet date, the balance on the fund was £2,313 (2019: £2,313).

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds (continued)

Statement of funds - prior Year

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds				
Designated funds				
Designated Funds - all funds	50,000	-	(50,000)	-
General funds				
Unrestricted funds	5,342,606	4,202,953	(4,239,315)	5,306,244
Total Unrestricted funds	5,392,606	4,202,953	(4,289,315)	5,306,244
Restricted funds				
Restricted Funds	3,111	-	(798)	2,313
Total of funds	5,395,717	4,202,953	(4,290,113)	5,308,557

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	5,258,615	-	5,258,615
Investment property	1,189,400	-	1,189,400
Current assets	1,328,526	2,313	1,330,839
Creditors due within one year	(671,264)	-	(671,264)
Creditors due in more than one year	(1,435,851)	-	(1,435,851)
Total	5,669,426	2,313	5,671,739

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	5,708,978	-	5,708,978
Intangible fixed assets	2,733	-	2,733
Current assets	1,647,318	2,313	1,649,631
Creditors due within one year	(1,108,602)	-	(1,108,602)
Creditors due in more than one year	(944,184)	-	(944,184)
Total	<u>5,306,243</u>	<u>2,313</u>	<u>5,308,556</u>

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	<u>(374,337)</u>	<u>(87,161)</u>
Adjustments for:		
Depreciation charges	240,475	212,947
Interest paid	24,998	14,613
Dividends, interests and rents from investments	(1,238)	(1,893)
Decrease in debtors	31,760	27,801
Increase/(decrease) in creditors	(464,818)	183,900
Net cash provided by/(used in) operating activities	<u>(543,160)</u>	<u>350,207</u>

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	<u>1,265,601</u>	<u>1,571,780</u>
Total cash and cash equivalents	<u>1,265,601</u>	<u>1,571,780</u>

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. Analysis of changes in net debt

	At 1 September 2019	Cash flows	At 31 August 2020
	£	£	£
Cash at bank and in hand	1,571,780	(306,179)	1,265,601
Debt due within 1 year	-	(8,333)	(8,333)
Debt due after 1 year	(944,184)	(491,667)	(1,435,851)
	<u>627,596</u>	<u>(806,179)</u>	<u>(178,583)</u>

24. Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £306,413 (2019: £252,745) and at the year-end £33,245 (2019 - £29,508) 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.

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

MARLBOROUGH HOUSE SCHOOL TRUST LIMITED
(A company limited by guarantee)

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24. Pension commitments (continued)

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.

25. Operating lease commitments

At 31 August 2020 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	17,064	18,179
Later than 1 year and not later than 5 years	28,440	45,504
	<u>45,504</u>	<u>63,683</u>