

Registered number: 01072074  
Charity number: 310279

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

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**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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<b>Governors</b>	Mr M.A. Burchfield, Chair Mrs H.M. Archer Mr C.R.G. Biggin Mr J.M. Collard Mr D.J. Ferris Mr J.A. Isaacs Mr T.P. Lloyd-Jones Mrs H. Mack Mr T.P. Matthews (appointed 26 June 2021) Mr B.J. Northover Mr T O'Sullivan (appointed 21 November 2020) Mrs R. Tear Dr R.S. Thomson Mrs R.E. Thornton Mr C.N.I. Tuttiett
<b>Company registered number</b>	01072074
<b>Charity registered number</b>	310279
<b>Registered office</b>	The Downs School Charlton House Wraxall Bristol BS48 1PF
<b>Company secretary</b>	Mrs H. L. Walker (to 31 July 2021) Mr. J. Barclay (from 1 August 2021)
<b>Headteacher</b>	Mrs D. J. Isaachsen
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants 10 Temple Back Bristol BS1 6FL
<b>Bankers</b>	Barclays Bank plc 4th Floor, Bridgewater House Counterslip Finzels Reach Bristol BS1 6BX
<b>Solicitors</b>	Veale Wasbrough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA

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**GOVERNORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The Board of Governors presents its annual report and audited financial statements for the year ended 31 August 2021 and confirms that it complies with the requirements of the Companies Act 2006 and the Charities Act 2011, the Company's Articles of Association and the Charities SORP (FRS 102) 2019. The annual report serves the purpose of both a Governor's Report and a Directors' Report under company law.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document**

The Company is governed by its Memorandum and Articles of Association, last amended on 11th October 2013.

**Governing Body**

Governors are elected in accordance with the Company's Articles of Association and serve for a term of three years whereupon they are eligible for re-election. The Chair is appointed by the Board of Governors and serves for five years.

The Board acknowledges the need to recruit new members from time to time who can bring a broad range of professional knowledge and skill appropriate for effective governance. The Governors' Development Committee advises the Board on these needs, and identifies potential future members. Governors are recruited from the local business community, the School's own community and the region's educational establishments. Their membership is proposed and considered at Board meetings. Once appointed, they attend a formal induction at the School.

All Governors give freely of their time and no remuneration or expenses were paid in this year.

**Organisational Management**

The Board of Governors meet formally at least three times per annum, that is at least once in each academic term. A number of Committees are formed from the Governing Body and key management personnel. These Committees support the aim of monitoring the School's performance and activities against its objectives and determining its policies as set out in its Scheme of Governance. The majority of Committees met at least once in each academic term and provide a full Committee report to the Board.

**Finance Committee**

Mr T. P. Lloyd-Jones (Chair)  
Mr C.R.G. Biggin  
Mr M. A. Burchfield  
Mr J.M. Collard  
Mrs D. Isaachsen  
Mrs H. Mack  
Mr T.P. Matthews (appointed 26 June 2021)  
Mrs R.E. Thornton  
Mr C.N.I. Tuttiett  
Mrs H.L. Walker (resigned 31 July 2021)

**Bursary Committee**

Mr T.P. Lloyd-Jones (Chair)  
Mrs D. Isaachsen  
Mrs H. Mack  
Mrs R.E. Thornton  
Mrs H. L. Walker (resigned 31 July 2021)

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**GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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Strategy Committee	Mr M.A. Burchfield (Chair) Mr J.M. Collard Mr D.J. Ferris Mrs D. Isaachsen Mr J.A. Isaacs Mr C.N.I. Tuttiett Mr B.J. Northover Mrs H.L. Walker (resigned 31 July 2021)
Nursery Committee	Mr J. M. Collard (Chair) Mrs H. M. Archer Mrs D. Isaachsen Mr M. A. Newman Dr R. S. Thomson Mrs R. E. Thornton Mrs H. L. Walker (resigned 31 July 2021)
Remuneration Committee	Mrs R. E. Thornton (Chair) Mr M. A. Burchfield Mrs D. Isaachsen Mrs H.L. Walker (resigned 31 July 2021)
Education Committee	Mrs R. Tear (Chair) Mrs D. Isaachsen Mr T. O'Sullivan (appointed 21 November 2020)
Risk and Regulatory Committee	Mr B.J. Northover (Chair) Mrs H.M. Archer Mrs D. Isaachsen Mrs R. Tear Dr. R. S. Thomson Mrs H.L. Walker (resigned 31 July 2021)
Governors' Development Committee	Mr J.A. Isaacs (Chair) Mr M. A. Burchfield Mrs D. Isaachsen Mr B.J. Northover
Health and Safety Committee	Mrs H.L. Walker (Chair) (resigned 31 July 2021) Mr P.A. Brockwell Mr J. M. Collard Mrs D. Isaachsen Mrs R.E. Thornton Mr C.N.I. Tuttiett
Downs School Association Committee	Mrs. C. Williams (Chair) Mrs K. Northover (Secretary) Mrs G. Hagger (Treasurer)

Mrs Debbie Isaachsen took over the role of Headteacher from September 2020, following the retirement of Marcus Gunn. Towards the end of the 2020-21 academic year, the Bursar, Mrs Helen Walker, retired from her post and was succeeded by Mr Jonathan Barclay, including an extended transition period.

The day-to-day running of the School is delegated to the Headteacher and the Bursar, as key management personnel, via the Scheme of Governance. They are supported by other teaching members of the Senior Leadership Team being the Assistant Heads of the School.

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**GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The remuneration of key management personnel is set by the Board, with the policy objective of ensuring that they are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Company's success. Delivery of the Company's charitable vision and purpose is primarily dependent on the key management personnel and staff costs are the largest single element of our charitable expenditure.

**Principal Risks and Uncertainties**

The Board, supported by the Strategy and Finance Committees, reviews the School's current and planned future strategic activities in light of any major risks arising from time to time.

The School has a Risk Register where significant risks are monitored by the full Board and lower risks are delegated to appropriate Committees for consideration. Selected Committees also monitor and evaluate key policies and their implementation in order to effectively manage risk. These Committees report their findings to the Risk and Regulatory Committee which reports to the Board.

Risks are also mitigated by maintaining effective internal controls in all compliance and legislative matters, through the regular monitoring of these controls and insurance cover where appropriate.

The Board consider that the following factors present the most significant risks to the School.

**COVID-19 PANDEMIC**

The on-going pandemic continues to have an impact on the School. The short-notice lockdown in January – March 2021 resulted in moving again to online learning for most children alongside on-site support for the children of critical workers. This transition to online learning was completed effectively, building on the experience from the previous lockdown in the Summer Term 2020.

In view of the full premises closure during the majority of the Spring Term 2021 (and therefore the reduction in access to the broad educational provision provided by the Downs) the Governors responded to market expectations that a reduction in fees should be effected for the part of the Spring Term that was disrupted. This was applied as a discount to the Summer Term 2021 fees and reflected the extent of savings that could be made. The School was able to access the Coronavirus Job Retention Scheme (CJRS) in order to protect the employment of those staff whose services could not be employed during this further lockdown period. The grant received for furloughed staff reduced the call on financial reserves held for future plans for investment in the School.

Pupils in all year groups were able to return to on-site teaching from 8 March 2021 for the remainder of the term. Following this return, additional control measures have continued in School, based on thorough risk assessments that were undertaken in line with the DfE's guidance. Many routines and practices have been adjusted to reduce risk of transmission of infection and to keep as many pupils and staff in School as possible enjoying as full a normal service as possible throughout the remainder of the academic year, including maintaining year group 'bubbles' through to the end of the Summer Term 2021.

Alongside all of this, there continues to be some hardship amongst families at the School, resulting in greater requests for Bursary support.

At the time of completing this report, the key nationwide Covid restrictions are no longer in place. However, the School has experienced a recent increase in positive cases amongst pupils and staff. This has necessitated imposing a series of additional temporary control measures which have been communicated to staff, pupils and parents. Where pupils are self-isolating yet still able to undertake school work, we are providing a full and broad curriculum through online means. Children aged 12+ whose parents have consented have been given a single dose of the Pfizer Covid vaccine.

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**GOVERNORS' REPORT (CONTINUED)  
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Given the on-going nature of the pandemic, there are continuing risks and uncertainties at the time of writing:

- Further waves of infection and therefore lockdowns and closures cannot be ruled out.
- Many industries in which the parent body operate and are employed continue to be financially affected by the pandemic. The impact on wealth and reserves of parents who pay school fees continues to emerge over time. The School has provided additional fee support from the outset but some may require support for an extended period.
- Whilst the recognition for the School's excellent remote teaching provision has been far-reaching, financial hardship may increase caution in prospective parents considering an independent education and demand for places and therefore pupil numbers may be affected in the short to medium term.
- Loss of lettings income was noticeable during this period and we believe that it will continue to take some time to recover to pre-pandemic levels.

The Governors and Senior Leadership Team have recognized these risks and continue to take the following action:

- Ensured that the School's reserves have been protected
- Made available additional short term fee support to existing families where possible and maintained close communication with parents in hardship due to the pandemic
- Carefully scrutinize non-essential expenditure to ensure it remains appropriate and value for money
- Continued access to additional funding in case of need has been arranged with supportive bankers
- Maintained open and clear communication with the parent body

**OTHER RISKS**

- The impact of increased costs outside the School's control including the threat of the loss of business rates relief to some registered charities and the Labour Party's aspiration to impose VAT on independent school fees.
- The possible impact on pupil numbers from price competition from other local independent preparatory schools
- The possible impact on pupil numbers in Y7/Y8 from increased competition from Bristol senior schools recruiting into these year groups
- A possible downturn in the demand driven by rising costs of provision of independent education
- Loss of key personnel could affect the efficient operation of the School and its financial controls
- Increasing competition to recruit high quality teaching staff could impact on reputation and perceived quality of teaching
- Covid-19 control measures implemented from time-to-time can make thorough recruitment interviewing for new staff more challenging, as is the provision of access for prospective parents to see the School's full offering
- An incident involving harm to a pupil could lead to severe reputational damage

In the view of the Board, the School has established resources which should ensure that these risks are managed to an acceptable level in its day-to-day operations. In the longer term, strategic planning and management aim to reduce the potential impact of risk factors.

**OBJECTS, PUBLIC BENEFIT AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES**

**Objects**

The object of the Charitable Company, in accordance with its Memorandum of Association, is to promote and provide for the advancement of education for boys and girls.

- Focus on maximizing academic attainment for pupils of all levels of ability;
- Know and thoroughly understand every pupil, their individual interests, strengths and needs and to provide for individual wellbeing;

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**GOVERNORS' REPORT (CONTINUED)  
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- Complement academic rigor with an extensive offering in sport, the performing arts and a broad range of extra curricula activity accessible to all;
- Maximise the use of the stunning rural surroundings through focus on activity in the open air;
- Prepare each pupil for their best choice of senior school and for the demands of life beyond school;
- Safeguard every pupil and member of the School community and ensure that a safe and nurturing environment is always provided;
- Employ a highly motivated and inspirational body of staff to take all pupils to the limits of their potential;
- Have continuity of talented leadership and a clear succession plan;
- Maximise the potential of our assets through maintaining, renewing and developing new facilities to enhance our pupils' learning experience;
- Maintain a stable financial model, securing the long term financial future of the School;
- Continue to develop into the Nursery/Pre-School sector in order to create new income streams and to support the School's recruitment of future pupils; and
- Research and further develop new income streams to support financial stability

**Principal activity and income sources**

The Company's principal activity continues to be the provision of a Day School for 4 – 13 year old boys and girls. The principal source of income is therefore from tuition fees and from related educational and extra-curricular activities. Other revenue is derived from the letting of facilities for sport, recreation, private parties and functions.

The Company's subsidiary, Downs School Enterprises Limited (DSEL), was established in June 2017 and opened its Nursery, 'Bertie's', in January 2018 providing year round day care and Pre-School facilities for children aged 6 months to 4 years. The Nursery remained open throughout the 2020-21 year and is now trading at a surplus. Some of this surplus income will be used to support and maintain the parent company and to boost the Group's reserves.

Recruitment of pupils from the Nursery to the School's Reception year is strong and continues to grow in line with Nursery growth. Operating with waiting lists in some areas, Bertie's Nursery has capacity for growth and is actively planning to expand its premises. The DSEL directors are also looking at the current structure of Nursery staffing, including a clearer career progression strategy, to support staff retention and further staff recruitment. The directors recognise the need to be highly selective in staff recruitment and the business will only grow as excellent staff can be selected to join the team.

**Grant-making and access-widening**

The School provided means tested bursaries totaling £281,361 and was able to support 41 (2020: 37) pupils over the course of the year through its bursary scheme. Of these pupils, 17 received at least 50% support by way of fee remission. Fee assistance by way of bursaries accounted for 7.71% (2020: 6.66%) of gross tuition fee income. This continued increase is partially attributable to on-going short term support for families in financial difficulty due to the pandemic. Without this support, these pupils would have been unable to attend the School. In addition, further fee discounts were applied relating to the lockdown period of the Spring Term 2021.

The bursary policy contributes to a widening of access to the education on offer and the facilities enjoyed. It is important to the School that access is not restricted to those who can afford the fees. Bursaries are made on a means-tested assessment and reviewed annually. Application is available to potential and existing pupils at the School. In exceptional cases, support up to 100% can be considered.

Whilst the Covid-19 pandemic continued to stifle much external activity, the School allows various organisations to use its sports facilities, grounds and other resources at little or no cost. The charity, Children's Hospice South West (CHSW), is located close to the School. CHSW from time to time uses the School's premises for fundraising meetings without charge. The School hopes to re-build further community

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links – such as with a local children's musical theatre company – as the effects of the pandemic recede and further engagement can be safely undertaken.

The house system within the School facilitates charity fund raising days in order for each of the four houses to choose a charity and organise a themed day where the whole School participates. Where safe to do so, guest speakers attend to explain the objects of their charity and the impact on recipients of the funds raised. Despite limited opportunities for fundraising due to pandemic restrictions, pupils nevertheless raised £1,215 in the year.

## **STRATEGIC REPORT**

### **REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**

The School aims to provide an excellent academic experience with the highest standards of teaching and assessment. This is balanced with a broad curriculum and that embraces equally sport and the performing arts.

A large majority of the pupils learn at least one musical instrument and lessons can be accessed by all age groups. All children in the Prep School are in a choir and pupils throughout the School will all take part in a theatre production each academic year. Continuing closures and restrictions through the 2020-21 academic year resulted in the deferral of many performance events but seven year groups were still able to stage five productions:

- YrR & Y1 presented a Nativity, unfortunately they only performed the dress rehearsal as they were sent home for the final week of term due to Covid.

The following productions were filmed:

- Y2 & Y3 presented Archibald's War
- Y4 presented Darwin Rocks
- Y5 presented Charlie & The Chocolate Factory
- Y6 presented A Midsummer Night's Dream
- Y7 & Y8 (Senior Production) presented The Other Children

In addition, there have been a variety of smaller concerts, formal and informal, choral and orchestral.

Around 70% of pupils participated in dance lessons comprising ballet, tap, jazz or street and more than 40% took part in speech and drama lessons, making good use of the recently-refurbished 100-seater theatre.

Pupils are prepared for the Common Entrance examinations at the end of Year 8. In spite of the additional challenges posed by the pandemic, our pupils achieved strong results gaining access to their first choice of senior school. Many have been awarded scholarships and this year was no exception. This year's leavers achieved the following:

All round	6 scholarships
Academic	1 scholarship
Sport	7 scholarships
Music	2 scholarships; 1 exhibition
Drama	5 scholarships

Much of the focus of Year 8 is preparing pupils for their senior schools and instilling in them a sense of personal confidence and achievement. They are given more independence and responsibility. In a normal

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year, opportunities for senior pupils would include skiing in Europe, taking part in an exchange with pupils from a school in Madrid, and/or to join a tour of the Battlefields of Northern France and Belgium. All Year 8 pupils attend a Leavers' Camp towards the end of their final term which was based at the School.

The School continued its rolling programme of the refurbishment of teaching spaces, installing the latest technology best suited to the advancement of teaching and learning, and particularly of independent or more pupil-driven learning. The rolling IT renewal programme continues to ensure that the School remains well-equipped to manage the technical challenges of remote learning where required, as well as further development of our technical infrastructure.

The School recognizes the challenges of growing up in the current day and the increased incidence of mental health issues amongst young people. The School's Pastoral Care Team continues to be mindful of the impact on young people of limited contact and activity with their peers during the pandemic and has been proactive in making regular contact with children who do not appear to be fully engaged. The School's Counsellor service is now embedded in the timetable and provides flexible support to individuals and groups, pupils, parents and staff.

**Fundraising performance**

Donations and gifts in the year amounted to £18,701 (2020: £47,769).

Parents' regular termly donations to the Downs School Association ("DSA") amounted to £8,280, where the distribution of these funds is determined by an elected Committee that comprises parents and some staff and who report to the School's main Board of Governors. Other donations amounted to £10,421. With the exception of £4,809 donated through the year for specific areas such as garden planting and equipment, the remaining funds have been given on an unrestricted basis. The School aims to invest some of these funds in developing its teaching staff and to support the School's programme for pastoral care and wellbeing.

The DSA raise funds through events in which parents, pupils and staff participate: For pandemic reasons, Fireworks night was held for children only and the Summer 2021 fete was postponed to the Autumn Term 2021. Despite this the team ran multiple successful fundraisers. In the year, the DSA contributed to the library refurbishment (£15,000), girls' sports kit (£1,300), inflatables (£1,965) and Arts Week (£4,500), with parts of these contributions continuing into the Autumn Term 2021.

**FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The operating surplus for the year amounted to £231,804 (2020: £284,822) for the School against an average number of pupils of 248 (2020: 260). The ongoing working capital requirements of the Nursery, operated by the subsidiary, Downs School Enterprises Limited, generated a profit for the subsidiary of £92,477, compared to a loss in the previous year, bringing about a consolidated surplus of £324,281 (2020: £225,329).

Consolidated funds of the School and its subsidiary have therefore increased by £324,281 to £3,822,313 (2020: £3,498,032).

**RESERVES POLICY**

Total reserves are £3,822,313 (2020: £3,498,032), of which £3,823,357 (2020: £3,868,371) comprises fixed assets. This leaves £1,097,509 (2020: £533,575) as free reserves after taking into account loans secured on the fixed assets of the charity of £1,098,553 (2020: £903,914) which includes a CBILS loan of £250,000. Restricted funds amounts to £2,500.

The level of reserves is considered sufficient for the immediate needs of the Group. The policy remains to build up free reserves to maintain the high standard of educational services currently provided including a

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**GOVERNORS' REPORT (CONTINUED)  
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regular programme of renewal of resources including IT, and to balance this with future capital expenditure requirements and the demands of maintaining the Group's extensive grounds and historic buildings.

**GOING CONCERN**

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities below.

**Future Plans and Reserves**

The Board maintains its intent to continually reinvest in the infrastructure of the School to secure its future. The retention of good operating surpluses in recent years has provided cash reserves that have enabled the Board to invest and diversify and yet still hold significant contingent funds for any unforeseen requirements including changes in demand for working capital.

Focus in the forthcoming year is to continue to expand the Pre-School nursery business and also develop the facilities on the School site for the benefit of present and future pupils.

**STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES**

The Governors (who are also the directors of the Company 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 Group and the Company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102)
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

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

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**GOVERNORS' REPORT (CONTINUED)  
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**DISCLOSURE OF INFORMATION TO AUDITORS**

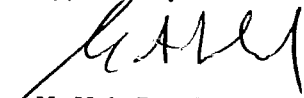
Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable group's auditors are 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 charitable group's auditors are aware of that information.

**AUDITORS**

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Governors will propose a motion reappointing the auditors at a meeting of the Governors.

Approved by order of the members of the board of Governors and signed on their behalf by:

  
**Mr M.A. Burchfield**  
Chair of Governors  
Date: 27/11/2021

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED**

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**Opinion**

We have audited the financial statements of The Downs School (Charlton House) Limited (the 'School') and its subsidiary (the 'group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated 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 Group's and of the School's affairs as at 31 August 2021 and of the Group's 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 and 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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**

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Governors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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:

- the School has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the School's 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.

**Responsibilities of Governors**

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 Group's and the School'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 Group or the School or to cease operations, or have no realistic alternative but to do so.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED (CONTINUED)**

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**Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance of the School;
- We have considered the results of enquiries with management and Governors, including the committees charged with governance over the School's finance and control, in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have considered any matters we identified having obtained and reviewed the School's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks or fraud or noncompliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team and involving relevant internal independent schools specialists regarding how and where fraud might occur in the financial statements and any potential indications for fraud;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained understanding of the legal and regulatory frameworks that the School operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, Charity SORP 2019 and FRS 102. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the School's ability to operate or avoid a material penalty. These included data protection regulations, health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED (CONTINUED)**

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- Reviewing committee meeting minutes;
- Enquiring of Governors and management in relation to actual and potential claims or litigations;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in financial statements or non-compliance with regulation, will be detected by us. The risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

This report is made solely to the School'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 School's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Joseph Scaife FCA DChA (Senior statutory auditor)**

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date: 8/12/2021

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>					
Donations and legacies	4	4,809	13,892	18,701	47,769
Charitable activities		-	3,369,689	3,369,689	3,433,649
Other trading activities	6	-	689,469	689,469	494,456
Investments	7	-	451	451	2,972
Other income	8	-	56,607	56,607	151,824
<b>Total income</b>		<b>4,809</b>	<b>4,130,108</b>	<b>4,134,917</b>	<b>4,130,670</b>
<b>Expenditure on:</b>					
Raising funds	9	-	529,519	529,519	493,274
Charitable activities		2,309	3,278,808	3,281,117	3,412,067
<b>Total expenditure</b>		<b>2,309</b>	<b>3,808,327</b>	<b>3,810,636</b>	<b>3,905,341</b>
<b>Net movement in funds</b>		<b>2,500</b>	<b>321,781</b>	<b>324,281</b>	<b>225,329</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		-	3,498,032	3,498,032	3,272,703
Net movement in funds		2,500	321,781	324,281	225,329
<b>Total funds carried forward</b>		<b>2,500</b>	<b>3,819,813</b>	<b>3,822,313</b>	<b>3,498,032</b>

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

The notes on pages 20 to 41 form part of these financial statements.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER:01072074**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	3,823,357	3,868,371
		<u>3,823,357</u>	<u>3,868,371</u>
<b>Current assets</b>			
Stocks	15	18,693	18,936
Debtors	16	198,106	190,762
Cash at bank and in hand		1,751,845	1,030,318
		<u>1,968,644</u>	<u>1,240,016</u>
Creditors: amounts falling due within one year	17	(1,002,030)	(801,557)
<b>Net current assets</b>		<u>966,614</u>	<u>438,459</u>
<b>Total assets less current liabilities</b>		<u>4,789,971</u>	<u>4,306,830</u>
Creditors: amounts falling due after more than one year	18	(967,658)	(808,798)
<b>Total net assets</b>		<u><u>3,822,313</u></u>	<u><u>3,498,032</u></u>
<b>Charity funds</b>			
Restricted funds	20	2,500	-
Unrestricted funds	20	3,819,813	3,498,032
<b>Total funds</b>		<u><u>3,822,313</u></u>	<u><u>3,498,032</u></u>

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER:01072074**

**CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 AUGUST 2021**

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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 and signed on their behalf by:



**Mr M.A. Burchfield**

Chair

Date: 27/11/2021

The notes on pages 20 to 41 form part of these financial statements.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER:01072074**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	3,792,457	3,823,760
Investments	14	1	1
		<u>3,792,458</u>	<u>3,823,761</u>
<b>Current assets</b>			
Stocks	15	17,417	16,685
Debtors	16	500,074	516,494
Cash at bank and in hand		1,635,051	1,012,436
		<u>2,152,542</u>	<u>1,545,615</u>
Creditors: amounts falling due within one year	17	(963,451)	(778,491)
<b>Net current assets</b>		<u>1,189,091</u>	<u>767,124</u>
<b>Total assets less current liabilities</b>		<u>4,981,549</u>	<u>4,590,885</u>
Creditors: amounts falling due after more than one year	18	(967,658)	(808,798)
<b>Total net assets</b>		<u><u>4,013,891</u></u>	<u><u>3,782,087</u></u>
<b>Charity funds</b>			
Restricted funds	20	2,500	-
Unrestricted funds	20	4,011,391	3,782,087
<b>Total funds</b>		<u><u>4,013,891</u></u>	<u><u>3,782,087</u></u>

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 and signed on their behalf by:

  
**Mr M.A. Burchfield**

Chair

Date: 27/11/2021

The notes on pages 20 to 41 form part of these financial statements.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	720,889	392,383
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	451	2,972
Proceeds from the sale of tangible fixed assets	1,776	-
Purchase of tangible fixed assets	(171,564)	(108,028)
Bank interest paid	(3,787)	(5,495)
<b>Net cash used in investing activities</b>	<b>(173,124)</b>	<b>(110,551)</b>
<b>Cash flows from financing activities</b>		
Cash inflows from new borrowing	250,000	156,548
Repayments of borrowing	(53,637)	(236,817)
Repayments of hire purchase loans	(11,311)	(10,884)
Interest paid on borrowings	(11,290)	(13,311)
<b>Net cash provided by/(used in) financing activities</b>	<b>173,762</b>	<b>(104,464)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>721,527</b>	<b>177,368</b>
Cash and cash equivalents at the beginning of the year	1,030,318	852,950
<b>Cash and cash equivalents at the end of the year</b>	<b>1,751,845</b>	<b>1,030,318</b>

The notes on pages 20 to 41 form part of these financial statements

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**1. General information**

The Downs School (Charlton House) Limited is a company limited by guarantee, incorporated in the United Kingdom and registered in England and Wales. The registered office is The Downs School, Charlton House, Wraxall, Bristol, BS48 1PF.

**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.

The Downs School (Charlton House) 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.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

**2.2 COMPANY STATUS**

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

**2.3 GOING CONCERN**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. After making appropriate enquiries, the Governors have a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**2.4 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.

Fees receivable and similar income represent fees from ordinary activities and are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships, and other remissions granted by the School.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.5 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.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

**2.6 INTEREST RECEIVABLE**

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

**2.7 TAXATION**

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**2.8 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets costing £250 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.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.8 TANGIBLE FIXED ASSETS AND DEPRECIATION (CONTINUED)**

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- Over 75 years
Freehold improvements	- Over 50 or 25 years
Motor vehicles	- Over 4 years
Furniture and equipment	- Over 10 years
Computer equipment	- Over 4 years
Grounds maintenance machinery	- Over 10 years

**2.9 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

**2.10 STOCKS**

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

**2.11 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.

**2.12 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.

**2.13 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.

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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 Consolidated statement of financial activities as a finance cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.14 FINANCIAL INSTRUMENTS**

The Group 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.

**2.15 FINANCE LEASES AND HIRE PURCHASE**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.16 PENSIONS**

The School operates three pension schemes.

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The School also operates two defined contribution pension schemes and the pension charge represents the amounts payable by the School to the schemes in respect of the year.

**2.17 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 Group 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 Group 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.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

Estimates and judgements 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:

Operating lease commitments

The School has entered into leases for motor vehicles and equipment as a lessor and as a lessee it obtains use of the related assets. The classification of such leases as operating or finance lease requires the School to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

There are no critical accounting estimates.

**4. Income from donations and legacies**

	<b>Restricted funds 2021 £</b>	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
General Donations	4,809	5,612	<b>10,421</b>	38,594
The Downs School Association	-	8,280	<b>8,280</b>	9,175
	<u>4,809</u>	<u>13,892</u>	<u><b>18,701</b></u>	<u>47,769</u>
<b>TOTAL 2020</b>	<u>1,094</u>	<u>46,675</u>	<u>47,769</u>	

**5. Income from charitable activities**

	<b>2021 £</b>	<i>2020 £</i>
Gross fee receivable	<b>3,648,968</b>	3,656,461
Bursaries and scholarships	<b>(521,899)</b>	(484,691)
Income from rechargeable expenditure	<b>236,320</b>	257,829
Registration fees	<b>6,300</b>	4,050
	<u><b>3,369,689</b></u>	<u>3,433,649</u>

THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

6. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Lettings	6,667	6,667	14,583
Other income	8,884	8,884	8,029
Fundraising income	11,924	11,924	10,921
	<u>27,475</u>	<u>27,475</u>	<u>33,533</u>
<i>TOTAL 2020</i>	<u>33,533</u>	<u>33,533</u>	

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Nursery income	661,994	661,994	460,923
	<u>661,994</u>	<u>661,994</u>	<u>460,923</u>
<i>TOTAL 2020</i>	<u>460,923</u>	<u>460,923</u>	

7. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Rental income	400	400	400
Bank interest	51	51	2,572
	<u>451</u>	<u>451</u>	<u>2,972</u>
<i>TOTAL 2020</i>	<u>2,972</u>	<u>2,972</u>	

THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

8. Other incoming resources

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
CJRS income	56,607	56,607	151,824
<i>TOTAL 2020</i>	<u>151,824</u>	<u>151,824</u>	

9. Expenditure on raising funds

Expenditure on fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Fundraising expenditure	7,602	7,602	5,542
<i>TOTAL 2020</i>	<u>5,542</u>	<u>5,542</u>	

Expenditure from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Nursery cost of sales	59,509	59,509	40,623
Nursery administration expenses	56,477	56,477	62,802
Interest payable	100	100	100
Nursery cost of sales staff costs	307,572	307,572	296,786
Nursery administration staff costs	82,170	82,170	71,872
Nursery depreciation	16,089	16,089	15,549
	<u>521,917</u>	<u>521,917</u>	<u>487,732</u>
<i>TOTAL 2020</i>	<u>487,732</u>	<u>487,732</u>	

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**10. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Education	2,416,501	864,616	<b>3,281,117</b>	3,412,067
<i>TOTAL 2020</i>	<u>2,538,399</u>	<u>873,668</u>	<u>3,412,067</u>	

**Analysis of direct costs**

	<b>Education 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Staff costs	1,873,002	<b>1,873,002</b>	1,993,796
Depreciation	90,565	<b>90,565</b>	95,623
Educational supplies	141,532	<b>141,532</b>	158,229
Household and welfare	9,990	<b>9,990</b>	15,721
Catering	257,905	<b>257,905</b>	222,750
Transport	43,507	<b>43,507</b>	52,280
	<u>2,416,501</u>	<u>2,416,501</u>	<u>2,538,399</u>

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**10. Analysis of expenditure by activities (CONTINUED)**

**Analysis of support costs**

	<b>Education 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Staff costs	336,868	<b>336,868</b>	353,193
Depreciation	109,036	<b>109,036</b>	105,929
Educational supplies	29,773	<b>29,773</b>	28,452
Other costs	39,765	<b>39,765</b>	31,609
Premises costs	184,274	<b>184,274</b>	171,122
Grounds maintenance	25,223	<b>25,223</b>	49,070
Management expenses	99,258	<b>99,258</b>	84,186
Financing expenses	17,133	<b>17,133</b>	20,541
Legal and professional	10,427	<b>10,427</b>	16,884
Governance	12,859	<b>12,859</b>	12,682
	<u>864,616</u>	<u><b>864,616</b></u>	<u>873,668</u>

**11. Net income/expenditure**

	<b>2021 £</b>	<i>2020 £</i>
Depreciation of tangible fixed assets: - owned by the charitable group	<b>215,690</b>	217,101
Fees payable to the Company's auditor in respect of:		
Auditors' remuneration - audit	<b>12,050</b>	11,400
Auditors' remuneration - other services	<b>410</b>	400
Operating lease rentals	<b>27,720</b>	27,570
	<u><b>27,720</b></u>	<u>27,570</u>

During the year, no Governors received any remuneration (2020: £NIL).

During the year, no Governors received any benefits in kind (2020: £NIL).

During the year, no Governors received any reimbursement of expenses (2020: £NIL).

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**12. Staff costs**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Wages and salaries	2,161,479	2,201,783	1,799,761	1,859,770
Social security costs	182,822	182,645	163,851	166,579
Employer contribution to pension schemes	255,311	331,219	246,258	320,640
	<u>2,599,612</u>	<u>2,715,647</u>	<u>2,209,870</u>	<u>2,346,989</u>

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

	<b>Group 2021 No.</b>	<i>Group 2020 No.</i>
Teaching staff	50	44
Administrative staff	49	43
	<u>99</u>	<u>87</u>

The average headcount expressed as full-time equivalents was:

	<b>Group 2021 No.</b>	<i>Group 2020 No.</i>	<b>Company 2021 No.</b>	<i>Company 2020 No.</i>
Teaching staff	37	34	37	34
Administrative staff	39	38	21	24
	<u>76</u>	<u>72</u>	<u>58</u>	<u>58</u>

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

	<b>Group 2021 No.</b>	<i>Group 2020 No.</i>
In the band £60,001 - £70,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	-	1

The key management personnel of the School comprises the Governors (who do not receive remuneration for their role as Governors) and the Senior Management Team. The total amount of employee benefits (including employer pension contributions and employer's national insurance) received by key management personnel for their services to the School was £304,856 (2020: £429,099).

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**13. Tangible fixed assets**

**GROUP**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
<b>COST OR VALUATION</b>						
At 1 September 2020	5,158,480	11,900	1,028,436	292,692	188,368	6,679,876
Additions	108,260	-	29,185	33,569	550	171,564
Disposals	-	-	(50)	(36,818)	(552)	(37,420)
At 31 August 2021	<u>5,266,740</u>	<u>11,900</u>	<u>1,057,571</u>	<u>289,443</u>	<u>188,366</u>	<u>6,814,020</u>
<b>DEPRECIATION</b>						
At 1 September 2020	1,736,018	9,700	706,532	238,205	121,050	2,811,505
Charge for the year	97,423	800	72,028	34,626	10,813	215,690
On disposals	-	-	(20)	(36,237)	(275)	(36,532)
At 31 August 2021	<u>1,833,441</u>	<u>10,500</u>	<u>778,540</u>	<u>236,594</u>	<u>131,588</u>	<u>2,990,663</u>
<b>NET BOOK VALUE</b>						
At 31 August 2021	<u><u>3,433,299</u></u>	<u><u>1,400</u></u>	<u><u>279,031</u></u>	<u><u>52,849</u></u>	<u><u>56,778</u></u>	<u><u>3,823,357</u></u>
At 31 August 2020	<u><u>3,422,462</u></u>	<u><u>2,200</u></u>	<u><u>321,904</u></u>	<u><u>54,487</u></u>	<u><u>67,318</u></u>	<u><u>3,868,371</u></u>

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
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**13. Tangible fixed assets (CONTINUED)**

**COMPANY**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
<b>COST OR VALUATION</b>						
At 1 September 2020	5,158,480	11,900	941,985	290,233	188,368	6,590,966
Additions	108,260	-	28,860	31,516	550	169,186
Disposals	-	-	(50)	(36,818)	(552)	(37,420)
At 31 August 2021	<u>5,266,740</u>	<u>11,900</u>	<u>970,795</u>	<u>284,931</u>	<u>188,366</u>	<u>6,722,732</u>
<b>DEPRECIATION</b>						
At 1 September 2020	1,736,018	9,700	664,081	236,357	121,050	2,767,206
Charge for the year	97,423	800	57,062	33,503	10,813	199,601
On disposals	-	-	(20)	(36,237)	(275)	(36,532)
At 31 August 2021	<u>1,833,441</u>	<u>10,500</u>	<u>721,123</u>	<u>233,623</u>	<u>131,588</u>	<u>2,930,275</u>
<b>NET BOOK VALUE</b>						
At 31 August 2021	<u><u>3,433,299</u></u>	<u><u>1,400</u></u>	<u><u>249,672</u></u>	<u><u>51,308</u></u>	<u><u>56,778</u></u>	<u><u>3,792,457</u></u>
At 31 August 2020	<u><u>3,422,462</u></u>	<u><u>2,200</u></u>	<u><u>277,904</u></u>	<u><u>53,876</u></u>	<u><u>67,318</u></u>	<u><u>3,823,760</u></u>

The net book value of assets held under finance leases or hire purchase contracts, included above are as follows: Other fixed assets £41,160 (2020: £47,040).

THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
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14. Fixed asset investments

COMPANY	Investments in subsidiary companies £
<b>COST OR VALUATION</b>	
At 1 September 2020	1
At 31 August 2021	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 August 2021	<u>1</u>
AT 31 AUGUST 2020	<u>1</u>

15. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Consumables	<u>18,693</u>	<u>18,936</u>	<u>17,417</u>	<u>16,685</u>

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	122,770	102,269	114,228	85,564
Amounts owed by Group undertakings	-	-	318,290	353,578
Other debtors	198	328	198	328
Prepayments and accrued income	75,138	88,165	67,358	77,024
	<u>198,106</u>	<u>190,762</u>	<u>500,074</u>	<u>516,494</u>

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**17. Creditors: Amounts falling due within one year**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Bank loans	146,715	120,949	146,715	120,949
Payments received on account	142,945	131,438	142,945	131,438
Trade creditors	83,312	67,677	72,356	65,478
Other taxation and social security	50,670	42,652	44,676	40,639
Obligations under finance lease and hire purchase contracts	10,013	9,587	10,013	9,587
Other creditors	69,691	68,110	53,108	54,865
Accruals and deferred income	498,684	361,144	493,638	355,535
	<b>1,002,030</b>	<i>801,557</i>	<b>963,451</b>	<i>778,491</i>
	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Deferred income at 1 September 2020	311,770	337,855	311,770	333,274
Resources deferred during the year	459,051	311,770	459,051	311,770
Amounts released from previous periods	(311,770)	(337,855)	(311,770)	(333,274)
	<b>459,051</b>	<i>311,770</i>	<b>459,051</b>	<i>311,770</i>

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

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Bank loans	951,838	782,965	951,838	782,965
Net obligations under finance lease and hire purchase contracts	15,820	25,833	15,820	25,833
	<u>967,658</u>	<u>808,798</u>	<u>967,658</u>	<u>808,798</u>

The School has three bank loans with Barclays Bank plc which are secured against freehold property.

The 2009 loan is repayable over 225 months and the balance outstanding at the year end was £722,563 (2020: £747,326).

The 2020 loan of £160,000 is repayable over 60 months with interest charged at a variable rate. The balance outstanding at the year end was £125,990 (2020: £156,588).

A new CBILS loan of £250,000 was entered into during the year. The repayment of this loan is to commence in May 2022, 12 months after the date of the first drawdown, as the Facility has a capital repayment holiday in place. The balance outstanding at the year end was £250,000 (2020: £NIL).

**19. Financial instruments**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
<b>FINANCIAL ASSETS</b>				
Financial assets measured at amortised cost	<u>1,882,238</u>	<u>1,132,915</u>	<u>2,075,192</u>	<u>1,480,570</u>
	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	<u>1,510,637</u>	<u>1,298,585</u>	<u>1,472,058</u>	<u>1,275,519</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings, accrued income and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise payments on account, trade creditors, accruals, bank loans, other tax and social security and obligations under finance lease and hire purchase contracts.

**THE DOWNS SCHOOL (CHARLTON HOUSE) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**20. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2020 £	Income £	Expenditure £	Balance at 31 August 2021 £
<b>UNRESTRICTED FUNDS</b>				
General Funds	3,751,975	3,447,910	(3,226,968)	3,972,917
The Downs School Association	30,112	20,204	(11,842)	38,474
Downs School Enterprises Limited	(284,055)	661,994	(569,517)	(191,578)
	<u>3,498,032</u>	<u>4,130,108</u>	<u>(3,808,327)</u>	<u>3,819,813</u>
<b>RESTRICTED FUNDS</b>				
Donations	-	3,156	(656)	2,500
Bursary	-	1,653	(1,653)	-
	<u>-</u>	<u>4,809</u>	<u>(2,309)</u>	<u>2,500</u>
<b>TOTAL OF FUNDS</b>	<u><u>3,498,032</u></u>	<u><u>4,134,917</u></u>	<u><u>(3,810,636)</u></u>	<u><u>3,822,313</u></u>

**UNRESTRICTED FUNDS**

During the year, parent contributions made to the Downs School Association (DSA) and fundraising amounted to £20,204 (2020: £20,096). The DSA is a Committee appointed by the Board comprising elected parents and senior staff who organise social events for the School community and raise funds for the purchase of equipment to benefit the children.

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20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 August 2020 £</i>
<b>UNRESTRICTED FUNDS</b>				
General Funds	3,457,657	3,648,557	(3,369,225)	3,736,989
The Downs School Association	24,617	20,096	(14,601)	30,112
Downs School Enterprises Limited	(209,576)	460,923	(520,416)	(269,069)
	<u>3,272,698</u>	<u>4,129,576</u>	<u>(3,904,242)</u>	<u>3,498,032</u>
<b>RESTRICTED FUNDS</b>				
Donations	5	94	(99)	-
Bursary	-	1,000	(1,000)	-
	<u>5</u>	<u>1,094</u>	<u>(1,099)</u>	<u>-</u>
<b>TOTAL OF FUNDS</b>	<u><u>3,272,703</u></u>	<u><u>4,130,670</u></u>	<u><u>(3,905,341)</u></u>	<u><u>3,498,032</u></u>

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	<b>Restricted funds 2021 £</b>	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Tangible fixed assets	-	3,823,357	<b>3,823,357</b>
Current assets	2,500	1,966,144	<b>1,968,644</b>
Creditors due within one year	-	(1,002,030)	<b>(1,002,030)</b>
Creditors due in more than one year	-	(967,658)	<b>(967,658)</b>
<b>TOTAL</b>	<u><u>2,500</u></u>	<u><u>3,819,813</u></u>	<u><u>3,822,313</u></u>

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21. Analysis of net assets between funds (CONTINUED)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	3,868,371	3,868,371
Current assets	1,240,016	1,240,016
Creditors due within one year	(801,557)	(801,557)
Creditors due in more than one year	(808,798)	(808,798)
<b>TOTAL</b>	<u><u>3,498,032</u></u>	<u><u>3,498,032</u></u>

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

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Net income for the year (as per Statement of Financial Activities)	<u>324,281</u>	<u>225,329</u>
<b>ADJUSTMENTS FOR:</b>		
Depreciation charges	215,690	217,101
Dividends, interests and rents from investments	(451)	(2,972)
Loss/(profit) on the sale of fixed assets	(888)	-
Decrease in stocks	243	5,489
Increase in debtors	(7,344)	(6,215)
Increase/(decrease) in creditors	174,281	(75,309)
Interest paid	15,077	10,154
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>720,889</u></u>	<u><u>373,577</u></u>

23. Analysis of cash and cash equivalents

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Cash in hand	1,751,845	1,030,318
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u><u>1,751,845</u></u>	<u><u>1,030,318</u></u>

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NOTES TO THE FINANCIAL STATEMENTS  
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24. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Cash inflows from net borrowings £	Repayment of borrowings £	Finance lease repayments £	At 31 August 2021 £
Cash at bank and in hand	1,030,318	721,527	-	-	-	1,751,845
Debt due within 1 year	(120,949)	-	(25,000)	(766)	-	(146,715)
Debt due after 1 year	(782,965)	-	(225,000)	56,127	-	(951,838)
Finance leases	(35,420)	-	-	-	9,587	(25,833)
	<u>90,984</u>	<u>721,527</u>	<u>(250,000)</u>	<u>55,361</u>	<u>9,587</u>	<u>627,459</u>

**25. Pension Commitments**

The Group's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for teaching staff and two defined contribution schemes for teaching and non-teaching staff.

**Defined Contribution Scheme**

The Group operates a defined contribution pension scheme (APTIS) for the majority of its teaching staff and a defined contribution scheme (The People's Pension) for its non-teaching staff and Nursery staff. The assets of these schemes are held separately from those of the Group in independently administered funds. The employer's pension costs paid to these defined contribution schemes in the period amounted to £173,393 (2020: £111,122 on a like-for-like basis, excluding APTIS 'salary sacrifice' element).

**Teachers' Pension Scheme**

The School participates in the Teachers' Pension Scheme ("the TPS") for a small number of its teaching staff, having completed a consultation process and subsequent exit for the majority of teaching staff at the start of 2020. The pension charge for the year includes contributions payable to the TPS of £39,830 (2020: £175,744 on a like-for-like basis).

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. 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 a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. The consultation closed to response on 19 August 2021 and the Government is currently analysing the responses.

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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.

**26. Operating lease commitments**

At 31 August 2021 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Not later than 1 year	<b>20,892</b>	<i>27,720</i>	<b>20,892</b>	<i>27,720</i>
Later than 1 year and not later than 5 years	<b>5,518</b>	<i>26,410</i>	<b>5,518</b>	<i>26,410</i>
	<b>26,410</b>	<i>54,130</i>	<b>26,410</b>	<i>54,130</i>

**27. Related party transactions**

A number of Governors have children who are pupils at the School; the appropriate level of fees is levied in respect of these pupils.

Governors' children are assessed for bursaries and scholarships on the same basis as all other pupils on an arm's length basis. During the year, Governors received bursaries totalling £Nil (2020: £Nil).

At the year end the School had a debtor balance of £318,290 (2020: £353,578) with its subsidiary Downs School Enterprises Limited. Movement in the year related to intercompany recharges and loan interest. The School also received rent from Downs School Enterprises Limited of £37,500 (2020: £21,875) and loan interest of £10,200 (2020: £10,909).

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**28. Principal subsidiaries**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Company number</b>	<b>Registered office or principal place of business</b>	<b>Principal activity</b>
Downs School Enterprises Limited	10801425	The Downs School, Charlton Drive, Wraxall, Bristol, BS48 1PF	Nursery

<b>Class of shares</b>	<b>Holding</b>	<b>Included in consolidation</b>
Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

<b>Name</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Profit/(Loss) / Surplus/ (Deficit) for the year £</b>	<b>Net assets £</b>
Downs School Enterprises Limited	661,994	(569,517)	92,477	(191,577)

