



ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 August 2020

Company number: 00522385
Registered Charity Number: 310283

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2020 has been a year unsurpassed in Millfield's recent history. I have been proud of how the school's leadership teams, staff and students have responded to the challenges that have come their way over the last year. Although the school physically closed its doors in March 2020, just over halfway through the financial year, and did not reopen again to all students until September 2020, the indomitable Millfield community spirit saw the school adapt and thrive.

Throughout the summer term, the students attended timetabled lessons and activities as normal – albeit virtually – and had unrivalled face-to-face contact with their teachers, tutors and houseparents who continued to offer an excellent academic and pastoral provision. A new academic curriculum was launched to 500 students who would have been sitting exams in the summer term and they studied new courses beyond the standard curriculum for this term. Parents spoke glowingly about the school's provision during this time and Governors would like to thank them for their overwhelmingly positive support of the school throughout these changes.

We must recognise that it was a challenging time financially and fees were adjusted to reflect the services that students were not able to access: huge efforts were made to save costs to mitigate this, but net income was impacted. Pleasingly, this is only a short term issue: students returned to Millfield en masse in September and our student numbers this year are higher than they have ever been. Subject to government policy on schools, and the easing of the pandemic we expect the charity's financial position to return to that of strength in the short to medium term.

Millfield has, this year, committed £6.4 million (13.3% of our annual gross fees) towards scholarships and bursaries and has supported vulnerable families in the community throughout the pandemic. The school is determined to increase its support for the most needy families who would benefit from a Millfield education but could never afford one. To that end the Brilliance Fund will be launched in 2021 to raise an endowment of £100m before the school's 100th anniversary in 2035.

After 10 years of remarkable and tremendously successful service as Headmistress of Millfield Prep School and 13 years employment at Millfield, Shirley Shayler has announced her intention to step down in September 2021. Given the current situation of the school, the vision that exists and the nature of the team we are confident that we will recruit an outstanding successor. From that point, the Headmaster of Millfield will take over as CEO of the whole organisation which better reflects the future strategic needs of the Charity.

The Governors would like to thank the whole Millfield community for their dedication and hard work in reaching a strong position for the school to move forwards from.

A handwritten signature in black ink, appearing to read 'Roland Rudd', written over a horizontal line.

Roland Rudd

Chairman

The Governors present their Annual Report and Consolidated Financial Statements for the year ended 31 August 2020 and confirm that they comply with the requirements of the Charities Act 2011, the Companies Act 2006, and the Charities SORP FRS 102.

The Governing Body confirms that the financial statements comply with the charity's governing document, with current statutory requirements, with applicable accounting standards in the United Kingdom, and with the Charities Statement of Recommended Practice (FRS 102) – Second Edition. The Governors of Millfield ("the School") are the School's charity trustees under charity law and the directors of the charitable company. The School's Governors, advisors and key staff are set out on pages 43-44.

REVIEW OF THE YEAR

This year has been one of the most challenging years for the independent education sector. Just over halfway through the year, a global pandemic changed the way we deliver education. From creating an entirely new curriculum to raising funds for national and international charities supporting others during the pandemic, the Millfield community proved its worth.

Student numbers were maintained throughout the global pandemic, proving our parents continued to value what Millfield offers and we are grateful for their support. Remote learning was provided for the summer term 2020 across all aspects of school life and a skeleton support staff ensured the physical sites were maintained and ready to physically open for the start of the autumn term.

Principal Achievements and Performance

Educational performance

Millfield is a large, non-selective independent school with around 1,280 students at the senior school site and 415 at the prep school site. Our students are a diverse cohort with around a quarter based overseas. The scale of our community, combined with the resources and facilities we offer, including below average class sizes, means our scale brings educational opportunity. Our unique selling point is the wide range of sporting and other activities, coaching and facilities that students enjoy alongside their academic education.

With an average year group size of 239 students in Year 11 and 290 students in the Upper Sixth, Millfield has a much larger number of candidates sitting GCSEs, A levels or equivalent Sixth Form courses, than other independent schools. For that reason, we publish results that reflect both the whole student group as well as our Top 100 highest achieving candidates. The Top 100 results show that this group regularly achieve grades which compare well with highly selective Schools.

An entire cohort faced the prospect of no examinations. Against that backdrop it was remarkable that 234 Year 11 students enrolled on our own certificate courses and 226 Upper Sixth students on our diploma courses both of which ran during lockdown. We remain impressed with the dynamic approach to learning shown by our teachers and students.

GCSE results		A level or equivalent results	
9-7 or A* – A grades	51.06%	A* – A grades	42.18%
9-5 or A* – B grades	87.48%	A* – B grades	72.77%
9-4 or A* – C grades	97.22%	A* – C grades	91.20%
		A* – E grades	100%

There were also strong results from students who took the Advanced Vocational Qualifications. In the four BTEC courses offered, the pass rate was 100% with 63% of entries achieving distinctions.

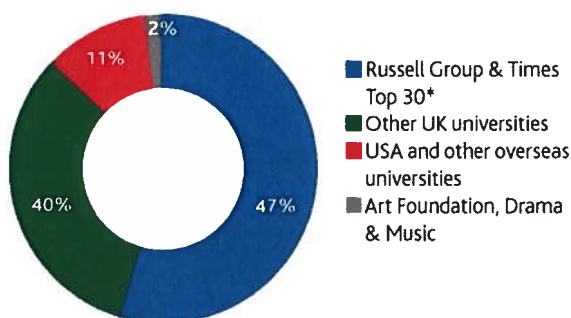
University Destinations

Every year we encourage students to apply to UCAS prior to leaving Millfield. This year, 90% of our leavers applied to UCAS, with 91% of them successfully obtaining places and the remainder taking a gap year and making post-results day applications, applying overseas or direct into creative arts-based courses, or going straight into employment or sport. All students who do not have any career or HE plans are offered 1:1 specialist career advice before leaving Millfield and are supported by the Careers Department and the OM Society after they leave.

This year saw 89 Millfield leavers confirming places into Russell Group universities, with an additional 20 Old Millfieldian's "OMs" achieving places via post-results applications. The most popular Russell Group choices this year were Nottingham, Exeter, Edinburgh, King's College and Durham. An additional 35 leavers achieved places at Times Top 30 institutions, including Bath, St Andrews, Loughborough, Lancaster and Royal Holloway.

23 of our leavers and 3 OMs won places at North American universities, including Duke, Chicago, Northwestern, UCLA, Virginia and Toronto; 9 of these achieved a mixture of academic and sporting scholarships, including swimming, tennis, golf, hockey and football. 10 students achieved SAT scores in the top 10% of all students globally. Places were also obtained at universities in Italy, Spain, Switzerland, Monaco and Malaysia.

WHERE MILLFIELD STUDENTS GO



* In addition to the Russell Group of universities, the Times Top 30 (2020) includes: University of St Andrews, University of Bath, Loughborough University and University of Lancaster

Students

A review of the students' principal achievements and performance in the year is available from the School's website in 'The Year at Millfield 2019/20' and 'The Year at Millfield Prep 2019/20' publications.

Millfield continues to develop two unique programmes, the "Year 9 Programme" and the "Sixth Form Programme". The Year 9 Programme is designed to help new students to the senior school assimilate and absorb themselves into academic, sports, co-curricular and outdoor adventure activities. The programme assists in bringing them together and providing a platform for their development within the school. The outdoor adventure aspect allows them the opportunity to try things they might otherwise not experience within the Duke of Edinburgh Bronze Award framework. The Sixth Form Programme recognises the academic, sporting and co-curricular opportunities already in place and complements these with the "EAGLES" programme of activities to assist the students' development as young adults across a range of areas.



Staff

The student: teacher ratio stands at 6.4:1 (2019: 6.2:1).

The School strives to recruit dynamic, high quality staff across all areas, including teaching, sports coaches, welfare and support, and invests significant amounts of its income to recruit, retain and motivate staff.

Development of Facilities and Resources

Due to the impact of Covid-19, our capital investment during the year was lower than previous years and around £4.9 million was spent on capital investment largely to maintain the school's facilities and infrastructure. This included:

- Completion of new indoor cricket and golf centres (£0.8 million)
- Replacement Athletics track accredited to UKA Athletics Level 2 Competition standard (£1.0 million)
- Jubilee Hall office extensions and refurbished changing facilities (£0.4 million)
- A block toilet extension – provision of additional unisex facilities in the centre of campus (£0.1 million)
- Lighting upgrades in catering kitchens, tennis centre, Johnson Hall and MPS tennis bubble replacing halogen with energy efficient LED lighting
- Reconfiguration of the exams' offices and secure storage area to maintain compliance standards
- Internal refurbishment of The Grange boarding house
- Internal refurbishment of Shapwick boarding house including ablution areas, common rooms and some dormitories
- Ongoing investment in IT infrastructure and associated software.

The School continuously reviews its long-term capital investment masterplan to ensure it retains best value academic, sports, boarding house, day house and welfare facilities.

Millfield's new state-of-the-art indoor Golf and Cricket Centres were opened this year, placing Millfield at the forefront of school and university facilities for both sports. The new centres received endorsement from leading cricket and golfing figures, including David Graveney MBE (Former England Chairman of Selectors and current ECB National Performance Manager) and Sophie Keech (Women's Professional Golfer) and feature world-leading technology, including through motion tracking and simulation software.

Public Benefit

Millfield is committed to providing benefit to the public on a local, regional and national scale, with the main aim being to benefit children from a wide variety of backgrounds. The School does this by widening access through financial support, sharing facilities, resources and knowledge with local state schools, involvement in community projects, teacher development and offering life changing opportunities to disadvantaged children.

The School also brings significant economic benefits. On the basis of a model developed by Oxford Economics in conjunction with the Independent Schools Council, the School estimates that its economic impact on the UK and local economy is as follows:

Economic Impact of Millfield 2019



Access, scholarships and bursaries

Scholarships and bursaries enable access to the school for talented students who would benefit from an education at Millfield, by offering fee discounts of up to 100%. Scholarships may be supplemented with means-tested bursaries, to uphold our powerful principle of diversity that is the Millfield Mix, making sure that those children who would best benefit from a world-class Millfield education and outstanding opportunities are able to do so. Every child matters, and at Millfield we are passionate in our goal to identify the potential in each individual and do everything we can to ensure they discover their brilliance.

In the year to 31 August 2020, the total value of scholarships and bursaries (excluding staff concessions) was £6.4 million (2019: £6.7 million), representing 13.3% of gross fee income (2019: 12.9%), and a total of 890 students and 53% of all students (2019: 897 students and 53% of all students) benefited in some way from awards.

In addition to offering adjusted fees for the remote learning provision necessary for Summer Term 2020, Millfield also supported parents of students whose finances were severely affected by the Covid-19 pandemic where it could. This was through a combination of limited “means-tested” short-term hardship awards and deferred payment arrangements.

Partnerships with state schools

Millfield is committed to developing partnerships with local state schools and colleges and specific initiatives this year included:

- Providing facilities for SAT test candidates for US university entrance
- Taking local children and teachers to Worley Hill, our SSSI, for guided walks and conservation experience
- Our Combined Cadet Force (CCF) programme with St Dunstan’s School in Glastonbury was officially launched with an inspection from Major General Ben Bathurst CBE. The programme involves over 100 cadets from all year groups, including 15 boys and girls from St Dunstan’s School
- Millfield’s annual History conference included over 100 students from local state schools
- Millfield welcomed Year 11 and Lower Sixth students from state and independent schools across the South West for the inaugural Inter-School Leadership Symposium earlier this year

- More than 200 students from 11 visiting state and independent schools attended Millfield's 27th Annual Biology and Psychology Symposium
- The Sixth Form EAGLES programme provides mentors to students in local schools.

Community engagement

The Millfield community have worked together more than ever during the pandemic to help raise money and provide support for a number of charities as well as taking part in various projects to reach out to others in the local community. Millfield funded and co-ordinated the sourcing and delivery of over 32,500 meals to 6,500 vulnerable people in Somerset who were eligible for free school meals. Through the generosity of local Millfield parents and staff, over £40,000 was raised to fund the meals for over 160 families every week which continued into the summer. Millfield volunteers delivered almost 3,000 prescriptions to vulnerable local people.

Staff, students, OMs and parents from Millfield and the South West School of Dance sewed over 50 sets of personal protective equipment scrubs and protective bags for local key workers battling the outbreak on the front line. The initiative was part of the 'For the Love of Scrubs' national campaign on Facebook, and has provided vital PPE for NHS workers, care staff and council workers across the UK.

Design and Technology staff used the School's laser cutters to create personal protective equipment for NHS and local council workers tackling the coronavirus on the front line. During lockdown, Millfield Prep students took on fundraising challenges, including the 2.6 Challenge to raise money for the NHS as well as helping their local communities by delivering supplies including medicine and food. The Senior school has a charity committee which votes each year which charities the school will support both locally and nationally. This year, the local charity was Yeovil Hospital and the national charity was Cancer Research UK. Millfield Prep's local and national charities this year include the Australia Red Cross Appeal and WWF, Guide Dogs for the Blind, Glastonbury Food Bank and Ted Senior Foundation (a men's mental health charity).



Supporting Charities

As well as supporting one local charity, one national charity and Lalibela High School in Ethiopia each year, Millfield fundraises for many other charities:

- A student in Year 9 created a support network for 68 residents at four local care homes in Somerset in lockdown during the Coronavirus outbreak.
- Millfield students took to the Meyer Theatre stage once again for this year's Showcase, which raised around £8,000 for the schools three charities
- A Lower Sixth student visited shelters in northern Brazil with UNICEF, where he met refugee and migrant children and gave them Millfield notepads, pens and pencils as gifts to help them study whilst in the camps
- A Millfield Year 9 swimmer raised an astounding \$10,172 by completing a 10km sponsored swim to help support three charities responding to the Australian wildfires

- Students raised a total of £10,000 for UK charities including the Somerset NHS Foundation, MIND UK, CALM and St Margaret's Hospice during the Covid-19 pandemic. The money was raised individually and through houses by students taking part in fundraising events all over the world. Initiatives included making and selling PPE masks, baking cakes, taking part in a virtual Glastonbury Road Run, a 10p 'keepie-uppie' challenge and a sunflower-growing sweepstake
- Students undertaking the United Schools Project MAP took part in pre-recorded online mentoring sessions with local Year 10 students from St Dunstan's School and created activity sheets for local children to go inside their food hamper deliveries
- Year 2 Prep students raised more than £1,000 for Guide Dogs for the Blind through their Walk your Socks Off challenge to walk 50,000 steps each
- The annual Millfield Prep Harvest Service included food boxes made by students to donate to the local Glastonbury Food Bank, and a collection passed around to parents and friends raised £350
- Every week, a group of Year 7 and Year 8 students have visited Shapwick Moor Nature Reserve, owned by the Hawk and Owl Trust, on the Somerset Levels. Millfield Prep students have helped to clear out ditches, maintain footpaths, build a bird hide, plant hedges and oak trees, create wetland areas and fix benches
- Students from Prep and Pre-Prep presented a cheque of £500 for Children in Need
- Students from Pre-Prep were delighted to hand over a cheque of £1,336 to Musgrove Park Hospital in Taunton, with money raised at their Christmas Fun and Games afternoon, where students, parents and staff ran stalls and competitions and held a raffle
- Our AV team and equipment regularly support Wells Cathedral in events
- Staff members from Millfield assisted Street Harvest to provide food for homeless people in the local area
- Millfield arranged weekly visits for local care home residents to come to Prep to watch sport and enjoy match teas.

Promoting the Value of Sport to the Community

- Hosting, organising and providing facilities for clubs, schools and representative organisations, including swimming, athletics, hockey, netball, cricket, tennis, basketball, golf, football and fencing, as well as running lifeguard training courses
- Multi-activity courses are available for local children during school holidays
- Millfield Enterprises offer summer holiday sport and activity courses for children
- Millfield Prep hosted the annual U10 football tournament with many local schools in attendance
- Millfield held the South West Regional Biathlon Championships
- IAPS Netball Regionals were again hosted by Millfield prep at our Senior School, with schools attending from all over the south west.



Promoting the Value of Drama, Music and the Arts to the Community

- An U6 student used his stage management experience from school to illuminate local landmark Glastonbury Tor on Thursday evenings after the national clap for carers in the UK. For the blue tribute to key workers, he placed two small LED lights at the tower, with the effects visible for miles around
- Millfield had the privilege of hosting a workshop for Year 5 and 6 students of Thorngrove School as part their Arts Award programme
- All Millfield concerts continue to be free to our entire community. In addition to this wonderfully positive creative identity, Millfield Music School continues to host several community-based music projects each year
- The Millfield Festival Chorus, featuring a 200-strong choir of singers from the local community alongside many of our own student choristers, wowed a packed Wells Cathedral to a commanding and emotionally powerful rendition of Rossini's brilliant Petite Messe Solennelle. Performing with a professional orchestra, the event raised over £2000 for the Youth Music charity
- The Millfield Music department worked closely with two local primary schools, Brookside Academy and Elmhurst School, alongside Bath Camerata and Millfield Prep School, to create an inspiring performance featuring over 100 performers during lockdown
- Millfield Prep Juniors put on a fantastic Christmas show, *How Christmas Came To Be*, raising a record £680 for the charity DEBRA, with their entertaining and historical account of how Christmas has been shaped into the celebration we all love
- Students from the Millfield Prep Tour Choir and Chamber Choir recorded a very special performance of *Over the Rainbow* to celebrate the incredible work of our NHS staff and social care workers, and also to say a very Happy 100th Birthday to Captain Sir Tom Moore
- At this year's Prep School carol service at Wells Cathedral, money was collected for national charity Hands of Compassion, who support the education and hope for better lives in schools in Zambia. The Boarders' and Pre-Prep Christingle Services this year saw a donation being made to the Children's Society
- Millfield Prep hosted a Light Up A Life Service for St Margaret's Hospice Care again this year. The service was led by Millfield Prep Chaplain and the readings were spoken by members of the school community and staff. The Chamber Choir and Edgarley Voices sang some beautiful songs and a collection was held at the end of the service for the invaluable work of St Margaret's Hospice Care in Somerset.

Section 172 (1) Companies Act 2006

The Governors comply with the requirements of section 172 (1)(a)-(f) using the proven organisational management approach included within the Structure, Governance and Management section of this report (see page 12) as follows:

- (a) "The likely consequences of any decision in the long term" – all strategic matters are considered by Governors in one or more of the four committee termly meetings with papers provided in advance by the Millfield Executive Group ("EG"). Once the matter has been considered and discussed, the relevant committee makes a formal recommendation to the Full Governing Body for it to consider at its meeting before a final decision can be made. This "three" level approach i.e. EG, governor committee and full governing body ensures that strategic long-term decisions are rigorously considered.
- (b) "The interests of the company's employees" - as a leading independent school, Millfield provides an educational service and as such, its employees and facilities are the key variables which contribute to the pupil and parent experience. The approach to employee interests is included under the Employee Involvement and Equal Opportunities section on pages 12-13. The Head of HR is part of the Executive Group and employee matters are considered as appropriate at each of the four governor committee meetings as well as at the full governing body.
- (c) "The need to foster the company's business relationships with suppliers, customers and others" – Millfield makes a significant contribution to the local economy as is evidenced from the data included under the Public Benefit section on page 7 and the Governors in both the "Building and Finance Committee" and "Audit, Compliance and Risk Committee" review processes and procedures in place to ensure consistency and fairness of approach in dealings with suppliers and customers;

- (d) "The impact of the company's operations on the community and the environment" – as an independent school with charitable status, the Governors are acutely aware of the importance of our impact on the local community and the environment. It is recognised that Millfield probably consider this aspect more than many other companies evidenced by the initiatives included within the "Public Benefit" sections on pages 7 to 10 of this report.
- (e) "The desirability of the company maintaining a reputation for high standards of business conduct" – the Governors rely on the Executive Group ("EG") and the Senior Leadership Teams ("SLT") at Millfield to both maintain and comply with internal processes, systems and procedures approved by the different governor committees to ensure high standards of business conduct are maintained.
- (f) The need to act fairly as between members of the company" – The Governors, as members, sign a "Code of Conduct for Governors of Millfield School" which includes, inter alia, an express requirement to comply with the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership and there are processes in place to support the adherence to this code of conduct.

Future Plans

The School's strategic vision for the period 2019-2024 is available on the School's website at <https://www.millfieldschool.com/discover-brilliance/purpose-vision-mission>

As part of that vision, the Discover Brilliance campaign will launch in Summer 2021 with the long term aim of generating £100m of new endowment funds to support the long-term sustainability of Millfield and ensure that talented children, regardless of their financial background, have access to the best education and life opportunities.

Structure, Governance and Management

Governing Documents

Millfield ("the company" or "the School") is a company limited by guarantee, first incorporated as Millfield School Limited on 4 August 1953 and constituted under Memorandum and Articles of Association dated 9 November 1979 and last amended on 21 March 2014. It is also a registered charity, number 310283.

Group Structure and Relationships

The School provides independent (boarding and day) education for boys and girls between the ages of 2 and 7 years (Millfield Pre-Prep – day only), 7 and 13 years (Millfield Prep) and 13 and 18 years (Millfield).

In addition to its principal activity, the School also operates a wide variety of educational and recreational holiday courses, retail outlets and related activities, some of which are carried out through a trading subsidiary company, Millfield School Enterprises Limited. All surpluses from these activities are reinvested in the School for the benefit of its principal educational activity. The School also owns 100% of the share capital of Millfield Overseas Limited, a company incorporated on 21 December 2012 which has remained dormant since incorporation.

Investment Powers, Policy and Performance

There are no specific restrictions on the Governors' investment powers; where necessary Governors seek the advice of a qualified investment advisor prior to making any investments. At present no investments are held and cash reserves are held in short term deposits designed to achieve competitive returns at minimum risk.

Governing Body

The Governing Body is self-appointing. Governors are usually appointed for a three-year term of office. Retiring Governors are eligible for re-appointment. New Governors are appointed by the Governing Body on the recommendation of the Appointments Committee. Candidates are proposed by existing Governors on the basis of the expertise and experience they can offer the School, taking into consideration the regular skills audit of the Governing Body against the categories of skills deemed necessary by the Governing Body for providing

proper strategic management oversight and control. The Governing Body seeks to have an appropriate balance of age, gender and ethnicity.

Recruitment and training of Governors

Appropriate information and training, including safeguarding training, is provided to new Governors. They are provided with induction information, a Governors' Handbook and information on their responsibilities as a charity trustee. They meet for individual briefings with the members of the Executive Group, the Chairman of Governors and relevant senior staff members. The Governing Body recognises that new Governors must feel confident that they are equipped to meet their statutory and wider legal responsibilities and appropriately tailored courses and further information are made available to them through the Clerk to the Governors. Where appropriate, members of the Governing Body attend external trustee training and information courses designed to keep them informed and updated on current issues in the sector and regulatory requirements.

All Governors receive safeguarding training as part of their induction and receive regular updates. Indemnity insurance is in place for Governors. During the year, Millfield paid £389 (2019: £2,871) in respect of indemnity insurance for its Governors.

Organisational management

The members of the Governing Body, as the charity trustees, are legally responsible for the overall management and control of the School, including policy setting and strategic planning. The detailed work of the Governors is delegated to four committees, each of which operates under terms of reference which are approved by the Governing Body, and which are required to report to the full Governing Body on a regular basis.

- Audit, Compliance and Risk Committee
- Building and Finance Committee
- Appointments Committee
- Education Committee

In addition to the committees, certain members of the Governing Body also act as trustees for Millfield Retirement Benefits Scheme and as directors of Millfield School Enterprises Limited and Millfield Overseas Limited. Individual Governors also hold special responsibility for specific areas such as SEN, Staff Liaison, Sport and Public Benefit. There is also a designated Safeguarding Governor.

The day to day running of the School is delegated to the Headmaster of Millfield, the Headmistress of Millfield Prep School, the Finance Director of Millfield Schools, ("the Executive Group"), as key management personnel, who in turn are supported by Senior Leadership Teams ("SLT"). The Head of HR of Millfield Schools also forms part of the Executive Group and advises on matters related to staffing. The Heads and Finance Director attend meetings of the Governing Body's Committees.

Employee involvement and equal opportunities

The Governors are committed to ensuring that Millfield provides equality of opportunity in recruitment and employment. All applicants for employment and existing employees are treated by reference to their particular aptitudes, abilities and relevant qualifications and receive equal treatment as provided for by law regardless of sex (gender), sexual orientation, gender reassignment, marital status or partnership, race, religions or belief, age, disability or pregnancy/maternity.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools, to ensure the School remains sensitive to the broader issues of pay and employment conditions elsewhere. The School aims to recruit, develop and retain high quality teaching and support staff who support the School's ethos and objectives. Delivery of the School's charitable vision and purpose is primarily dependent on its key management personnel and staff; staff costs are the largest single element of the School's charitable expenditure.

Specific consideration is given to ensuring staff interests are considered by offering competitive:

- Remuneration packages which are reviewed annually: including salary, allowances and pensions.
- Benefits: holiday and sickness entitlement, life insurance, subsidised canteen and gym facilities, employee assistance program with associated perks provided via LifeWorks, free car parking. Support staff also benefit from long service holiday entitlement.
- Working environment: staff benefit from working in one of Millfield’s two beautiful school campuses with the senior school based just outside Street and the prep school outside Glastonbury in Somerset.
- Professional Development: provided through support to attend courses, mentoring or opportunity.

The Governors welcome and encourage employee engagement and regularly attend meetings where current issues are discussed with staff. In addition, both teaching and support staff have a termly forum for issues to be raised and discussed with members of EG which Governors also attend where practicable. Millfield recognises and liaises with a number of teaching unions including the National Education Union (“NEU”), the National Association of Schoolmasters Union of Women Teachers (“NASUWT”) on issues around pay, holiday and hours.

Extensive consultation and meetings were held during the year where both teaching staff and Governors were able to discuss the affordability and appropriateness for Millfield to continue its membership of the Teachers’ Pension Scheme (“TPS”) compared to alternative defined contribution pension schemes. This included the presentation of relevant financial information by EG and the Governors to employees. This process included a formal consultation with union representatives to ensure due process was followed and an independent pensions consultant was engaged to provide support so that employees were able to better understand the implications for both the company and themselves of remaining within the TPS.

Millfield recognises that disabled persons may have special requirements and makes reasonable adjustments to interview procedures, work arrangements, premises, equipment, job design, training and retraining to remove potential barriers to disabled employees in the working environment.

Millfield employs a large workforce engaged in a diverse range of teaching and support roles. Men and women are paid equally for doing equal jobs. There has been a reduction in the average full-time equivalent number of persons employed during the year to 667 (2019: 726). This reduction is a direct result of the Covid-19 pandemic affecting income and requiring compensatory savings. The impact has been to further reduce the differential in the mean pay gap, whilst there has been a small increase in the median pay gap. This increase is largely due to the fact that the median pay for women falls within the “lower middle quartile” whilst that for men remains in the “upper middle quartile”. The diversity of roles and pay scales at an independent school is arguably more broad than many other organisations as well as the continued prevalence of women working in part-time, lower quartile roles alongside family commitments.

Women’s average hourly pay is:	5 April 2020	5 April 2019
Mean gender pay gap	17.9% lower	24.9% lower
Median gender pay gap	36.8% lower	31.7% lower

Number of proportion of men and women in each quartile	Lower quartile	Lower middle quartile	Upper middle quartile	Upper quartile	Total
Number of employees - male	82	101	115	141	439
Number of employees - female	199	180	166	139	684
% of employees - male	29.2%	35.9%	40.9%	50.4%	39.1%
% of employees - female	70.8%	64.1%	59.1%	49.6%	60.9%

Efforts continue to encourage diversity in support roles (in particular cleaning and laundry). We continue to work with individuals offering flexible working patterns where possible.

Bonuses:	
Proportion of men receiving a bonus	0.02%
Proportion of women receiving a bonus	0.00%
Mean bonus gender pay gap	100.0%
Median bonus gender pay gap	100.0%

Millfield does not have a culture of awarding bonuses, however, one individual employed for many years by the school continues to have this contractual arrangement in place.

Business relationships with suppliers, customers and others

The Governors' main focus during the Covid-19 pandemic has been to ensure Millfield continues to provide its educational services. This has required effective communication with its suppliers, customers (being pupils and their parents) and others to explain what it was doing and why.

For suppliers, early contact was made to confirm the impact of the physical school closure on both services and products required and the associated cashflow considerations. For parents, the communications centred on how remote learning would be provided, the level of fees charged as well as the mechanisms to apply for support where required. Millfield also reached out and helped others in the community in terms of food and medicinal product delivery whilst the country was in national lockdown, these services were provided at no cost to the charity and volunteers from across our community stepped forward and gave their time freely.

Objects, Aims, Objectives and Activities

Charitable Objects

The School's principal activity is the education and pastoral care of its students, reflecting the objects set out in the Articles of Association, which are:

"to establish and maintain at Millfield in the County of Somerset, a School or Schools for the education of boys and girls, and young men and young women and to give to such students general or specialised instruction of the highest class but so that each such School shall be carried on as an educational charity and as an independent object to establish and acquire as a going concern, and carry on, support or manage elsewhere, any subsidiary or affiliated Schools".

In setting the School's objectives and planning activities the Governors have given due regard to the latest guidance on public benefit published by the Charity Commission.

Financial Review

Like many charities, Millfield has endured a financial loss as a result of the Covid-19 pandemic. The physical closure of the school in March 2020 necessitated the provision of remote learning for Summer Term 2020. The associated reduction in fees charged to parents resulted in a decrease of charitable activity income. In addition, as the closure continued during the Easter and Summer holidays, the charity lost the majority of its trading activity income. The combined effect of the loss of these income streams of around £10 million was offset to some degree by the claim for a grant under the provisions of the UK Government Coronavirus Job Retention Scheme. As a result, the impact of Covid-19 on total income was a decrease of £8.1 million. We were able to make additional savings of £4.7 million in variable costs, both staff and overheads, thereby limiting the increase in net expenditure to £3.4 million. A number of redundancies were made during the year and the school continues to review the costs of the charity to ensure they are sustainable.

Millfield remains committed to maintaining broad access for talented students who would benefit from an education at its Prep and Senior schools, by offering financial support with the payment of fees to families who are otherwise unable to afford them. Bursaries totalling £3.6 million (2019: £3.8 million) were provided to students

There is a pension liability of £7.9 million (2019: £8.3 million) as reported in accordance with Financial Reporting Standard Number 102 ("FRS 102") in respect of the Millfield Retirement Benefit Scheme (the Scheme) for some support staff as set out in note 22. The Scheme was closed to future benefit accrual and salary linkage on 31 December 2014.

The School's trading subsidiary, Millfield School Enterprises Limited, contributed turnover, profit and net assets as outlined in note 12 to the Financial Statements.

Millfield's operating activities used up £0.5 million of cash reserves brought forward compared to positive cash generation of £1.4 million in 2019 as set out in note 23. This swing from operating cash generation is unsurprising given the significant loss of income incurred during the year. After considering the impact of investing and financing activities, there was a £2.0 million net outflow of funds during the year (2019: £1.3 million net outflow).

Fundraising

As part of its operations the School engages in fundraising activities to seek donations from former students, parents and other members of the School community. The School complies with the Fundraising Regulator's code of practice and seeks to build positive long-term relationships with potential donors. Fundraising is conducted through the School's development office. There are no matters to report under the Charities (Protection and Social Investment) Act 2016.

Reserves

The Governors' policy is to examine the needs, risks and challenges faced by the School in both the short and medium terms along with relevant financial plans and forecasts and to establish reserves sufficient to meet these requirements including the School's longer-term capital expenditure commitments and any longer-term financial obligations. This policy is reviewed on a regular basis and monitored in line with the buildings development programme, which is funded from operating surpluses and a fixed term loan.

Reserves as at 31 August:	Note	2020 £ million	2019 £ million
Total Funds	19	40.0	44.3
Less: Restricted Funds	19	(0.8)	(1.5)
Unrestricted Funds	19	39.2	42.8
Less: unrestricted tangible fixed assets	11	(62.9)	(65.0)
<i>Free Reserves</i>		(23.7)	(22.2)

Free Reserves:

There are no free reserves, but Governors are satisfied with this position given that a bank overdraft facility of £10 million has been retained and is available together with anticipated future cash flows. The Governors do not envisage there being any difficulty in meeting current and/or future obligations of the Charity and note there is no financial dependence on key donors.

Included in free reserves is the actuarially calculated funding deficit of £7.9 million (2019: £8.3 million) on the School's defined benefit pension scheme that under FRS102 is accrued as a liability. It is intended this liability be repaid from operating cash flows, in accordance with the recovery plan agreed between the Governors and the Pension Scheme Trustees.

Restricted Funds:

The restricted funds comprise donations earmarked by the donors, or the terms of an appeal, for specific purposes. Restrictions are legally binding on the Governors. Restricted funds include £0.6 million (2019: £1.4 million) in respect of donations made for the Millfield Centre. After obtaining approval from the Charity Commission, Millfield offered to return or reallocate those donations received for the Millfield Centre and as at 31 August 2020, donors had requested £0.8 million be refunded.

Energy Savings Opportunity Scheme (“ESOS”)

Summary of data for the year

All figures have been quoted in terms of Carbon dioxide equivalent. CO2e is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact.

2019/20: Energy Use kWh*	16,981,350 kWh
Associated Tonnes: CO2 equivalent**	4,005 tonnes CO2e
Intensity Ratio: Emissions per capita (staff & students)	1.58 tonnes CO2

* Energy use kWh includes heating, lighting, mileage and fuel (not water and refrigerant gases) across the group of Millfield Schools.

**Associated Tonnes CO2 does include water and refrigerant gases in its total. Associated Greenhouse gases have been calculated using the GHG Reporting Protocol – Corporate Standard with the DEFRA conversion factors issued in May 2019.

Breakdown of energy between utilities and transport & other:

2019/20	Tonnes CO2e
Electricity	990
Gas	1,979
Oil	435
LPG	178
Fuel & mileage	185
Water	68
Refrigerant gases	170
TOTAL	4,005

Energy efficiency measures

In the year 2019/2020, the following energy efficiency actions were undertaken:

- Undertook a water efficiency review and carried out works to stop the running WCs, reduce flow rates and implemented stop tap tests to establish whether there were any leaks associated with the swimming pool.
- Engaged with the school environmental committee in order to provide them with data showing the energy usage per boarding house.
- Investigated the use of the Building Management System and reduced the maximum temperature in the associated buildings by 1-2 degrees.
- Started a program of energy audits within the boarding houses.
- Appointed Powerful Allies in order to help reduce the schools’ energy consumption.

Plans for energy efficiency in the year ahead:

- Energy consumption within the swimming pools is high. As a result, we are currently investigating the procurement of pool covers for both schools. Early indications would suggest that pool covers could result in a 35 – 50% reduction in energy costs with a ROI in year 2 or 3.
- We are also investigating the procurement of new boilers and control systems for the swimming pool plant at the senior school. This will require capital investment, but with the intention of being able to reduce energy consumption as the existing boilers, which are reaching the end of their serviceable life. New boilers and control systems will better manage the demand on the boilers and energy consumption during long periods when the pool is not in use.

Risk Management

The Board of Governors is responsible for the management of the risks faced by Millfield. An ongoing process has been established for identifying, evaluating and managing risks faced by the School and a risk management policy is in place.

The key controls used include:

- Formal agendas and minutes for all Committee and Board activity
- Clearly defined organisational responsibilities
- Comprehensive risk register
- Comprehensive strategic planning, revenue and capital budgeting, cash flow and management accounting
- Formal written policies
- Clear authorisation and approval levels
- Compliance with statutory requirements and external guidelines as appropriate
- Safeguarding procedures, as required by law, for the protection of children

Detailed considerations of risk are delegated to the Audit, Compliance and Risk Committee. This Committee, assisted by the School's executive management team, has identified and prioritised the key risks and a strategy for dealing with them has been approved by the Board of Governors. A formal review of risks will continue to be undertaken on at least an annual basis and documented in a risk register. Through the above risk management procedures the Governors are satisfied that the principal risks identified below have been adequately addressed where necessary. It is recognised, however, that systems can only provide reasonable but not absolute assurance that major risks have been appropriately managed.

Millfield has previously identified six key strategic risks:

1. Government policy

Independent Schools have been the subject of ongoing discussions by government. There remains a risk that changes to government policy targeted to Independent Schools (such as amendments to VAT legislation on educational supplies, business rates relief, levy charges) would have a significant impact on Millfield's ability to operate, and links closely with another key strategic risk of affordability. This in turn could have a large impact on the demand for places, and therefore on fee income. Millfield mitigates this risk by regularly reviewing its reserves policy, by preparing long-term forecasts which include contingency planning in the event of changes in policy and by taking an active role in supporting the Independent Schools Council in promoting public affairs and parliamentary engagement on behalf of the sector.

2. Financial viability

There is increasing pressure on the operational running costs of the School, including staffing, facilities and utilities. Millfield has to balance the investment it makes in its staff and facilities with its funding, the key source of which is fee income. To ensure all its commitments are met, Millfield has robust management processes. These include forecasting pupil numbers, detailed budgeting and cash flow projections which are prepared by the Executive Group and subject to detailed scrutiny by Governors. Progress against this plan is monitored continually by the Executive Group and termly by Governors.

3. Affordability

Millfield operates in a very competitive market and is conscious that the cost of private education is increasingly beyond the financial means of many families. In addition, affordability of fees and therefore pupil numbers could be affected by macro-economic factors. Recognising this, Millfield retains its focus on achieving value for money in every area of its operations, and is committed to building funds to safeguard its scholarship and bursary support for families who otherwise would not be able to access a Millfield education.

4. Safety and security of pupils, staff and premises

Millfield aims to provide a safe and secure environment. To do this it has in place detailed policies and procedures including in the areas of safeguarding children, anti-bullying, health and safety, physical security, cyber-security, wellbeing, data protection and critical incident management. These are regularly reviewed by Governors. Staff and pupils are provided with detailed training, as appropriate, to ensure these policies are adhered to across Millfield.

5. Recruitment and retention of key staff

Millfield relies on its ability to recruit and retain high quality staff to carry out its charitable activities and achieve its objectives. In order to achieve this Millfield provides a comprehensive range of financial and non-financial benefits to staff, including competitive salaries, training and development opportunities, use of school facilities and a wellbeing programme.

6. Effectiveness of Governance

The Governors recognise that strong governance is essential to Millfield's success. In order to ensure that governance is effective Millfield recruits Governors based upon a skills matrix. Comprehensive induction and refresher training is provided to Governors. Committee structures are in place supported by clear terms of reference. Governors actively monitor implementation of policies and compliance within the School. A biennial process of self-evaluation is undertaken by the Board of Governors.

Covid-19

The accounts are approved during a period where there remains a considerable uncertainty as a result of the Covid-19 pandemic.

Millfield's response has been to implement its contingency planning arrangements for such circumstances, and it has been able to serve its stakeholders following the Government deciding to implement physical closure of UK schools from the start of the Spring Term 2021 as follows:

- The education provision is focussed on the delivery of remote learning using IT systems implemented and communicated to pupils and parents in the previous lockdown during the Summer Term of 2020.
- Other stakeholders have been supported by the retention of key staff working onsite throughout the pandemic together with others able to work remotely so as to minimise disruption to school's operation.
- Millfield has retained the secured overdraft of £10 million from the School's bank (Lloyds) so to enable it to support its service provision during the Covid-19 outbreak and thereafter. It has not needed to access this facility to date.

The Covid-19 pandemic has impacted Millfield like most other organisations. In terms of our charitable activities, we moved to a remote learning-based service for Summer Term 2020 once the UK government had required us to physically close. We were able to physically open for the Autumn Term 2020 and can report that pupil numbers were sustained in line with the previous year.

The ultimate impact of Covid-19 on the UK and world's economy and in turn on the Charity is yet to be seen. However, through appropriate consideration of risks as part of its normal risk management processes and actions already taken and available to be taken, Governors consider appropriate action has been and will continue to be taken to ensure these risks to the future of Millfield are mitigated such that the going concern basis should continue to be adopted for these accounts.

Statement of Governors' Responsibilities

The Governors (who are also directors of Millfield for the purposes of Company law) are responsible for preparing the Report of the Governing Body (incorporating the Strategic 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.


The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing the School's aims and objectives and in planning the School's future activities. In particular, the Governors have considered how planned activities will contribute to the aims and objectives they have set.

In so far as the Governors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Report (incorporating the Strategic Report) was approved by the Board of Governors of Millfield on 19 March 2021 and signed on its behalf by:



Roland Rudd
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLFIELD for the year ended 31 August 2020

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2020 and of the group's and parent charitable company's net movement in funds, including the 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of governors for the financial statements

As explained more fully in the governors' responsibilities statement, set out on page 19, 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 parent 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 group or the parent 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.

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 group's or the parent charitable company's ability to continue to

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLFIELD
for the year ended 31 August 2020

adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Governing Body (which incorporates the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included within the Report of the Governing Body has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 09 April 2021

10 Queen Street Place
London
EC4R 1AG

CONSOLIDATED STATEMENTS OF FINANCIAL ACTIVITIES
for the year ended 31 August 2020

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Income from:					
Charitable Activities:					
- Fees receivable	3	39,820	-	39,820	43,622
- Other educational income	4	2,921	-	2,921	3,442
Other Trading Activities:					
- Other fees and external hiring		409	-	409	5,609
- Subsidiary trading income		549	-	549	824
Investment income	5	17	5	22	32
Donations, grants and legacies	6	2,468	(723)	1,745	117
Other income	7	104	-	104	97
Total Income		46,288	(718)	45,570	53,743
Expenditure on:					
Charitable Activities					
		(47,240)		(47,240)	(48,476)
Raising Funds:					
- Other fees and external hiring		(1,150)	-	(1,150)	(4,676)
- Subsidiary trading expenditure		(503)	-	(503)	(723)
- Fundraising		(142)	-	(142)	(160)
Finance and Other Costs		(719)	-	(719)	(518)
Total Expenditure	8	(49,754)	-	(49,754)	(54,553)
Net (Expenditure)		(3,466)	(718)	(4,184)	(810)
Transfers between funds		19	(19)	-	-
Other Recognised Gains/(Losses):					
Re-measurement of the net defined benefit pension liability	22	124	-	124	(4,240)
Net Movement in Funds		(3,323)	(737)	(4,060)	(5,050)
Total Funds Brought Forward		42,826	1,513	44,339	49,389
Total Funds Carried Forward	19	39,503	776	40,279	44,339

All amounts relate to continuing operations.
Comparative table included on page 41, note 26.

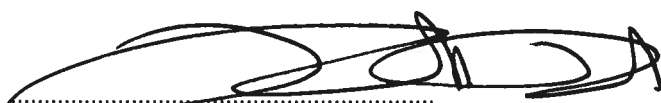
The notes on pages 25 – 42 form part of these financial statements.

BALANCE SHEETS
for the year ended 31 August 2020

	Note	<u>Group</u>		<u>Company</u>	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed Assets					
Tangible fixed assets	11	62,903	65,009	62,903	65,009
Investments	12	-	-	325	325
		<u>62,903</u>	<u>65,009</u>	<u>63,228</u>	<u>65,334</u>
Current Assets					
Stocks	13	294	311	-	-
Debtors	14	1,191	1,385	1,111	1,240
Cash at bank and in hand		6,000	7,970	5,976	7,957
		<u>7,485</u>	<u>9,666</u>	<u>7,087</u>	<u>9,197</u>
Creditors: amounts falling due within one year	15	<u>(17,677)</u>	<u>(17,289)</u>	<u>(17,625)</u>	<u>(17,269)</u>
Net Current liabilities		<u>(10,192)</u>	<u>(7,623)</u>	<u>(10,538)</u>	<u>(8,072)</u>
Total Assets Less Current Liabilities		52,711	57,386	52,690	57,262
Creditors: amounts falling due after more than one year	16	<u>(4,500)</u>	<u>(4,709)</u>	<u>(4,500)</u>	<u>(4,709)</u>
Net Assets Excluding Pension Liability		48,211	52,677	48,190	52,553
Defined benefit pension liability	22	<u>(7,932)</u>	<u>(8,338)</u>	<u>(7,932)</u>	<u>(8,338)</u>
Net Assets		<u>40,279</u>	<u>44,339</u>	<u>40,258</u>	<u>44,215</u>
Funds					
Unrestricted funds					
- General		47,435	51,164	47,414	51,040
- Pension reserve	22	<u>(7,932)</u>	<u>(8,338)</u>	<u>(7,932)</u>	<u>(8,338)</u>
		<u>39,503</u>	<u>42,826</u>	<u>39,482</u>	<u>42,702</u>
Restricted funds	19	776	1,513	776	1,513
Total Funds		<u>40,279</u>	<u>44,339</u>	<u>40,258</u>	<u>44,215</u>

The parent company's net expenditure for the year, before movement in the pension reserve was £4,362,000 (2019: net expenditure £1,007,000).

The financial statements were approved and authorised for issue by the Board of Governors of Millfield on 19 March 2021 and signed on its behalf by:



Roland Rudd
Chair of Governors

The notes on pages 25 – 42 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 August 2020

	Note	2020 £'000	2019 £'000	
Operating Activities				
Cash generated from operations	23	(529)	1,368	
Investing Activities				
Interest received		22	32	
Purchase of tangible fixed assets	11	(4,901)	(6,956)	
Loss on disposal of tangible fixed assets		717	7	
Net cash used in Investing Activities		<u>(4,162)</u>	<u>(6,917)</u>	
Financing Activities				
Repayment of borrowings		(581)	(541)	
Interest paid		(103)	(136)	
Receipts from new advance fee contracts		3,597	5,075	
Advanced fees repaid		(192)	(174)	
Net cash generated from Financing Activities		<u>2,721</u>	<u>4,224</u>	
Cash and cash equivalents at end of year		(1,970)	(1,325)	
Cash and cash equivalents at beginning of the year		<u>7,970</u>	<u>9,295</u>	
Cash and cash equivalents at end of the year		<u><u>6,000</u></u>	<u><u>7,970</u></u>	
Relating to:				
Bank balances included in cash at bank and in hand		<u><u>6,000</u></u>	<u><u>7,970</u></u>	
Analysis of movements in net cash				
		2019 £'000	Cash flows £'000	2020 £'000
Cash at bank and in hand		7,970	(1,970)	6,000
Total cash and cash equivalents		<u>7,970</u>	<u>(1,970)</u>	<u>6,000</u>
Loan (Due in less than one year)		(581)	(41)	(622)
Loan (Due after more than one year)		(1,276)	622	(654)
Total		<u><u>6,113</u></u>	<u><u>(1,389)</u></u>	<u><u>4,724</u></u>

The notes on pages 25 – 42 form part of these financial statements.

1. General Information & Principal Accounting Policies

Millfield Limited ("the Company") is a company limited by guarantee domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Millfield, Street, Somerset, BA16 0YD.

The School consolidated accounts consist of the Company and all of its subsidiaries detailed in note 12. The Company's and subsidiary's principal activities and nature of operations are detailed on page 11.

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below:

a) *Basis of accounting*

The accounts have been prepared under the Companies Act 2006 and in accordance with the Charities Statement of Recommended Practice and FRS 102 – Second Edition. The School is considered to be a Public Benefit Entity under FRS102. The accounts are drawn up on the historical cost basis of accounting. Monetary amounts in these accounts are rounded to the nearest £'000 except where otherwise indicated.

b) *Reduced disclosure*

In accordance with FRS 102, the charity has taken advantage of the exemption from the following disclosure requirements:

- Section 7 'Statement of Cash flows' – Presentation of a charity only Statement of Cash Flow and related notes and disclosures

The financial statements of the charity are consolidated in the financial statements of Millfield. The consolidated financial statements of Millfield School are available from its registered office.

c) *Basis of consolidation*

The group consolidates on a line by line basis the financial statements of the charity and its subsidiary undertakings made up to 31 August 2020. All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

The consolidated financial statements are presented in sterling which is also the functional currency of the Company and its subsidiaries.

As permitted by Section 408 of the Companies Act 2006, the parent company's income and expenditure account has not been included in these financial statements.

d) *Going concern*

The accounts are approved during a period when there is much uncertainty as a result of the ongoing coronavirus pandemic (Covid -19). The ultimate impact of Covid-19 on the UK and the world's economy and the School is yet to be seen. However, having reviewed the funding facilities available to the School together with the expected future 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 are no material uncertainties over the School's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

e) *Funds*

The restricted funds comprise donations earmarked by the donors, or the terms of an appeal, for specific purposes. Unrestricted funds are expendable at the discretion of the Governors in furtherance of the

objects or administration of the charity. Designated funds comprise unrestricted funds, which are earmarked for particular purposes by the Governors.

f) Fees and similar income

Fees receivable, charges for services and use of premises 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.

Fees for education to be provided in future years are carried forward as deferred income in the balance sheet. These fees are released to the Statement of Financial Activities over the period in which the School provides the services in future years. Fee receivable under the School's Advanced Fee scheme attract interest, which is charged to the Statement of Financial Activities, in the period over which the advance fee creditor is released to fee income.

g) Donations

Donations receivable for the general purpose of the School are credited to unrestricted funds. Donations for purposes restricted by the wishes of the donor are taken to restricted funds where these wishes are legally binding on the Governors. All donations are recognised when the economic benefit is considered probable and can be measured reliably.

Grants received under the furlough scheme have been accounted for on the accruals basis, when the employees were placed on temporary leave.

h) Expenditure

Expenditure is accrued as soon as a liability is considered probable. Expenditure is allocated to expense headings on a direct cost basis, with staff costs being allocated according to the estimated time spent by staff working in relevant departments.

The irrecoverable element of VAT is included within the item of expense to which it relates.

i) Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

j) Stocks

Stocks are stated at the lower of cost and estimated selling price less cost to complete and sell. In general, cost is determined on a weighted average cost basis. At each reporting date the School assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment in profit or loss. Reversal of impairment losses are also recognised in profit or loss.

k) Investments

The School has elected to hold investments in subsidiary undertakings at cost less impairment. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversal of impairment losses are recognised immediately in the SOFA.

l) Tangible fixed assets

Expenditure on fixed assets is capitalised except for expenditure incurred on the replacement of assets of low value with a short life. Subsequent costs of repair, renovation and replacement expenditure are written off as incurred in the Consolidated Statement of Financial Activities ("SOFA"), unless it is probable

that such costs will generate future economic benefits. Items costing less than £5,000 are written off as an expense as acquired.

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	Straight Line Basis %
Freehold land	-
Freehold property	2 – 4
Extensions and improvements to buildings	10
Fixtures, fittings and equipment	15
Computers	33 1/3
Motorised plant and vehicles	15
Assets under construction	-

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired, and if such conditions exist, the School estimates the recoverable value of the asset. Any shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses.

m) Financial Instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise and settle the liability simultaneously.

Financial assets

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairments losses.

Financial liabilities

Financial instruments are classified as liabilities according to the substance of the contractual arrangements entered into. Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

n) Retirement benefits

Retirement benefits to employees of the group are provided through three pension schemes, two defined benefit, and one defined contribution:

- (a) The Teachers' Pension Scheme (a defined benefits scheme) at rates set by the Scheme Actuary and advised to the Governors by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

(b) The Millfield Retirement Benefit Scheme (a defined benefit scheme) was closed to new members on 1 September 2005, and closed to future accrual and salary linkage on 31 December 2014. This scheme is accounted for as a defined benefit scheme, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a liability entitled "Pension Reserve", which is deducted from Unrestricted Funds in the balance sheet.

(c) The Millfield School Work Save Pension Plan is a defined contribution scheme.

Defined contribution plans

For defined contribution schemes the amount charged to expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method.

Liability

The net liability represents the present value of the defined benefit obligation minus the fair value of the plan assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains or losses

Gains or losses recognised in the statement of financial activities:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.
- Actuarial gains and losses
- The difference between the interest income on the plan assets and the actual return on the plan assets

o) *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. The group 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:

In valuing the deficit on the School's defined benefit pension scheme judgements need to be made by management as to what are the most appropriate assumptions to use in the valuation. The closing deficit was £7.9 million (2019: £8.3 million) and the adoption of different assumptions could have a material impact on the deficit.

2. Net Expenditure

	2020 £'000	2019 £'000
Net expenditure is stated after charging:		
Auditor's remuneration for:		
- External Audit (Company £36,240 (2019: £34,620))	40	35
- Taxation - compliance services to the Company and its subsidiaries	2	2
- Pension scheme audit	7	8
Internal audit	-	3
Depreciation of tangible fixed assets	5,585	5,549
Operating lease costs	113	164
Loss on disposal of tangible fixed assets	717	7
Stock		
- Amounts expensed to cost of sales	303	412
- Impairment losses recognised in cost of sales	4	-
Interest payable		
- Loan interest	103	136
- Net interest on the net defined benefit pension liability	138	218
- Interest on fees in advance	69	87
	<u> </u>	<u> </u>

3. Fees Receivable

	2020 £'000	2019 £'000
School fees	48,356	52,368
Less: Scholarships	(2,805)	(2,953)
Bursaries	(3,636)	(3,788)
Other concessions	(2,095)	(2,005)
	<u>39,820</u>	<u>43,622</u>

4. Other Educational Income

	2020 £'000	2019 £'000
Registration and acceptance fees	337	280
Travel, School trips, examination fees and other charges to students	2,584	3,162
	<u>2,921</u>	<u>3,442</u>

5. Investment Income

	2020 £'000	2019 £'000
Bank and other interest	22	32
	<u>22</u>	<u>32</u>

6. Donations, Grants and Legacies

	2020 £'000	2019 £'000
Donation income/(refunds)	(715)	117
Coronavirus JRS Government Grant	2,460	-
	<u>1,745</u>	<u>117</u>

The Charities Commission approved the return of donations on the Millfield Centre project and an amount of £759k is included within donation income/(refunds).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2020

7. Other Income

	2020 £'000	2019 £'000
Interest on overdue fees	28	38
Rents received	76	59
	<u>104</u>	<u>97</u>

8. Analysis of Expenditure

	Staff costs £'000	Other £'000	Deprec -iation £'000	2020 Total £'000	2019 Total £'000
Charitable activities:					
Teaching costs	22,027	2,588	516	25,131	25,106
Welfare	2,653	3,637	102	6,392	8,257
Premises	2,290	4,057	4,535	10,882	10,134
Support costs of Schooling	2,758	1,581	432	4,771	4,902
Governance costs	-	64	-	64	77
Total Charitable Activities	<u>29,728</u>	<u>11,927</u>	<u>5,585</u>	<u>47,240</u>	<u>48,476</u>
Raising Funds:					
Ancillary fees and external hiring	748	402	-	1,150	4,676
Subsidiary trading expenditure	138	365	-	503	723
Fundraising	58	84	-	142	160
Finance and other costs	-	719	-	719	518
Total Expenditure	<u>30,672</u>	<u>13,497</u>	<u>5,585</u>	<u>49,754</u>	<u>54,553</u>

Prior year Analysis of Expenditure

	Staff costs £'000	Other £'000	Deprec -iation £'000	2019 Total £'000	2018 Total £'000
Charitable activities:					
Teaching costs	20,961	3,598	547	25,106	23,763
Welfare	2,764	5,387	106	8,257	7,963
Premises	2,295	3,415	4,427	10,134	9,665
Support costs of Schooling	2,692	1,754	456	4,902	4,582
Governance costs	-	77	-	77	61
Total Charitable Activities	<u>28,709</u>	<u>14,231</u>	<u>5,536</u>	<u>48,476</u>	<u>46,034</u>
Raising Funds:					
Ancillary fees and external hiring	1,823	2,853	-	4,676	4,816
Subsidiary trading	194	516	13	723	742
Fundraising	89	71	-	160	179
Finance and other costs	-	518	-	518	437
Total Expenditure	<u>30,815</u>	<u>18,189</u>	<u>5,549</u>	<u>54,553</u>	<u>52,208</u>

9. Employee Information

	2020 Group Number	2019 Group Number	2020 Company Number	2019 Company Number
The average number of persons (full-time equivalent) employed during the year was:				
Teaching and coaching	266	267	266	267
Administration and support	401	459	394	450
	<u>667</u>	<u>726</u>	<u>660</u>	<u>717</u>
The average number of persons employed by the group during the year was:	1,053	1,106	1,049	1,038
Staff costs (for the above persons)	£'000	£'000	£'000	£'000
Wages and salaries	25,068	25,905	24,942	25,731
Social security costs	2,118	2,311	2,111	2,300
Defined benefit pension costs	2,927	2,024	2,927	2,024
Defined contribution pension costs	559	575	553	566
	<u>30,672</u>	<u>30,815</u>	<u>30,533</u>	<u>30,621</u>
Aggregate employee costs of key management personnel (including salary, benefits, pension contributions and national insurance)	583	753	583	753

The total amount relating to termination payments during the year was £280,000 (2019: £310,000). These amounts relate to agreements made with employees to end employment contracts.

The number of employees whose emoluments (excluding pension contributions) exceeded £60,000 were:

	2020 Number	2019 Number
£60,001 - £70,000	36	32
£70,001 - £80,000	9	9
£80,001 - £90,000	5	2
£90,001 - £100,000	-	1
£100,001 - £110,000	2	2
£110,001 - £120,000	1	1
£130,001 - £140,000	1	1
£170,001 - £180,000	-	1
£190,001 - £200,000	-	1
£210,001 - £220,000	-	1
£220,001 - £230,000	<u>1</u>	<u>-</u>

No emoluments were paid to the Governors in respect of their services to Millfield during the year, nor have they received any other form of disclosable trustee benefit (2019: nil). During the year, 12 (2019: 20) Governors were reimbursed expenses totalling £7,853 (2019: £14,034) for travel and subsistence and the School paid £389 (2019: £2,871) for Governors indemnity insurance.

10. Taxation

The Company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

11. Tangible Fixed Assets (Group)

	Freehold Property £'000	Assets under construct- ion £'000	Extensions and improve- ments to buildings £'000	Fixtures Fittings and Equipment £'000	Computers £'000	Motorised Plant and Vehicles £'000	Total £'000
Cost							
At 1 Sept 2019	74,084	3,144	29,932	7,291	3,558	778	118,787
Additions	1,991	1,219	924	516	215	36	4,901
Transfers	2,592	(2,778)	79	94	13	-	-
Disposals	(1,760)	(697)	(882)	(696)	(905)	(13)	(4,953)
At 31 Aug 2020	76,907	888	30,053	7,205	2,881	801	118,735
Depreciation							
At 1 Sept 2019	30,738	-	14,570	4,872	2,988	610	53,778
Charge for year	1,574	-	2,726	785	454	46	5,585
Disposals	(1,071)	-	(846)	(696)	(905)	(13)	(3,531)
At 31 Aug 2019	31,241	-	16,450	4,961	2,537	643	55,832
Net book value							
At 31 Aug 2020	45,666	888	13,603	2,244	344	158	62,903
At 1 Sept 2019	43,346	3,144	15,362	2,419	570	168	65,009

Tangible Fixed Assets (Company)

	Freehold Property £'000	Assets under construct- ion £'000	Extensions and improve- ments to buildings £'000	Fixtures Fittings and Equipment £'000	Computers £'000	Motorised Plant and Vehicles £'000	Total £'000
Cost							
At 1 Sept 2019	74,084	3,144	29,932	7,286	3,518	751	118,715
Additions	1,991	1,219	924	516	215	36	4,901
Transfers	2,592	(2,778)	79	94	13	-	-
Disposals	(1,760)	(697)	(882)	(696)	(905)	(13)	(4,953)
At 31 Aug 2020	76,907	888	30,053	7,200	2,841	774	118,663
Depreciation							
At 1 Sept 2019	30,738	-	14,570	4,867	2,948	583	53,706
Charge for year	1,574	-	2,726	785	454	46	5,585
Disposals	(1,071)	-	(846)	(696)	(905)	(13)	(3,531)
At 31 Aug 2020	31,241	-	16,450	4,956	2,497	616	55,760
Net book value							
At 31 Aug 2020	45,666	888	13,603	2,244	344	158	62,903
At 1 Sept 2019	43,346	3,144	15,362	2,419	570	168	65,009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2020

The net book value of the Group and Company tangible fixed assets includes an amount of £4,288,098 (2019: £4,288,098) in respect of freehold land which is not depreciated. Included within the Group and Company's freehold property are assets which are licenced to the subsidiary under operating leases, where Millfield acts as the lessor, with a net book value of £178,982 (2019: £185,611).

12. Fixed Asset Investments

Company	2020 £'000	2019 £'000
Interest in group undertakings at cost	<u>325</u>	<u>325</u>

The Company had the following subsidiary undertakings, at the year-end, all with the common registered office on page 44:

	Millfield Overseas Limited	Millfield School Enterprises Limited	Millfield Overseas Limited	Millfield School Enterprises Limited
	2020	2020	2019	2019
Nature of business	Dormant	Service	Dormant	Service
Company number	08339295	01553104	08339295	01553104
Proportion of nominal value of issued shares held by the Company	100%	100%	100%	100%
Country of incorporation	England	England	England	England

Results for the Subsidiary as at
the 31 August

	£'000	£'000	£'000	£'000
Net assets	<u>-</u>	<u>346</u>	<u>-</u>	<u>449</u>
Turnover	-	898	-	1,381
Expenses	<u>-</u>	<u>(835)</u>	<u>-</u>	<u>(1,226)</u>
Profit	<u>-</u>	<u>63</u>	<u>-</u>	<u>155</u>
Distribution	-	(166)	-	(162)
Net Expense for financial year	<u>-</u>	<u>(103)</u>	<u>-</u>	<u>(7)</u>

The results of the subsidiary entities have been included in these consolidated financial statements. Millfield Overseas Limited was incorporated on 21 December 2012 and remains dormant.

13. Stocks

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Goods for resale	<u>294</u>	<u>311</u>	<u>-</u>	<u>-</u>

14. Debtors: amounts falling due within one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	550	911	527	806
Other debtors	356	40	356	40
Prepayments	<u>285</u>	<u>434</u>	<u>228</u>	<u>394</u>
	<u>1,191</u>	<u>1,385</u>	<u>1,111</u>	<u>1,240</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loan (see note 16)	622	581	622	581
Amounts received under advance fee scheme (see note 18)	2,827	4,524	2,827	4,524
Amount due to subsidiary	-	-	101	52
Trade creditors	893	1,723	740	1,651
Taxation and social security costs	1,134	826	1,134	826
Other creditors	3,971	529	3,971	529
Accruals	1,670	1,219	1,670	1,219
School fees paid in advance	5,659	7,329	5,659	7,329
School fee deposits held	901	558	901	558
	<u>17,677</u>	<u>17,289</u>	<u>17,625</u>	<u>17,269</u>

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

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed term loan (see below)	654	1,276	654	1,276
Amounts received under advance fee scheme (see note 18)	1,301	1,040	1,301	1,040
School fees deposits held	2,545	2,393	2,545	2,393
	<u>4,500</u>	<u>4,709</u>	<u>4,500</u>	<u>4,709</u>

17. Fixed Term Loan – Group and Company

The loan is unsecured and repayable over 20 years from 2 September 2002 at a fixed interest rate of 6.88% p.a, as follows:

	2020 £'000	2019 £'000
Over one year:		
Within 1 to 2 years	654	622
Within 2 to 5 years	0	654
	<u>654</u>	<u>1,276</u>
Within one year	622	581
	<u>1,276</u>	<u>1,857</u>

18. Advance Fee Payments – Group and Company

Parents sometimes deposit a lump sum with the School as an advance on future fees. Each arrangement is in respect of an agreed amount to be credited against future fee bills for an agreed number of terms. The unused balance of the advance is repayable upon request. It is intended that the advance fees will be applied as follows:

	2020 £'000	2019 £'000
Over one year:		
Within 1 to 2 years	724	585
Within 3 – 5 years	372	369
After 5 years	205	86
	<u>1,301</u>	<u>1,040</u>
Within one year	2,827	4,524
	<u>4,128</u>	<u>5,564</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2020

Figures for advanced fee payments are included within the balance for School fees paid in advance (notes 15 and 16). The balance represents the accrued liability under these arrangements. The movements during the year were:

	2020 £'000	2019 £'000
Balance at 1 September	5,564	6,391
New contracts	3,597	5,075
Amount accrued to contracts	69	87
	<u>9,230</u>	<u>11,553</u>
Amounts utilised in the payment of fees to the School	(4,910)	(5,815)
Refunds of fees paid in advance	(192)	(174)
	<u>(5,102)</u>	<u>(5,989)</u>
Balance at 31 August	<u>4,128</u>	<u>5,564</u>

19. Funds – Group

	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Defined benefit liability/ transfers £'000	Balance 31 August 2020 £'000
Unrestricted funds:					
- General	51,164	46,288	(50,036)	19	47,435
- Pension reserve	(8,338)	-	282	124	(7,932)
	<u>42,826</u>	<u>46,288</u>	<u>(49,754)</u>	<u>143</u>	<u>39,503</u>
Restricted:					
- Millfield Centre Fund	1,418	(746)	-	(19)	653
- Sports Equipment Fund	1	-	-	-	1
- Other Funds	94	28	-	-	122
	<u>1,513</u>	<u>(718)</u>	<u>-</u>	<u>(19)</u>	<u>776</u>
Total Group	<u>44,339</u>	<u>45,570</u>	<u>(49,754)</u>	<u>124</u>	<u>40,279</u>

	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Defined benefit liability/ transfers £'000	Balance 31 August 2019 £'000
Unrestricted funds:					
- General	52,281	53,620	(54,737)	-	51,164
- Pension reserve	(4,300)	-	202	(4,240)	(8,338)
	<u>47,981</u>	<u>53,620</u>	<u>(54,535)</u>	<u>(4,240)</u>	<u>42,826</u>
Restricted:					
- Millfield Centre Fund	1,372	46	-	-	1,418
- Sports Equipment Fund	1	-	-	-	1
- Other Funds	35	77	(18)	-	94
	<u>1,408</u>	<u>123</u>	<u>(18)</u>	<u>-</u>	<u>1,513</u>
Total Group	<u>49,389</u>	<u>53,743</u>	<u>(54,553)</u>	<u>(4,240)</u>	<u>44,339</u>

Funds – Company

	Balance 1 September 2019 £'000	Income £'000	Expenditure £'000	Defined benefit liability/ transfers £'000	Balance at 31 August 2020 £'000
Unrestricted funds:					
- General	51,040	45,757	(49,600)	217	47,414
Pension reserve	(8,338)	-	282	124	(7,932)
	42,702	45,757	(49,318)	341	39,482
Restricted funds:					
- Millfield Centre Fund	1,418	(746)	-	(19)	653
- Sports Equipment Fund	1	-	-	-	1
- Other Funds	94	28	-	-	122
	1,513	41	-	-	776
Total Company	44,215	45,039	(49,318)	322	40,258

	Balance 1 September 2018 £'000	Income £'000	Expenditure £'000	Defined benefit liability/ transfers £'000	Balance at 31 August 2019 £'000
Unrestricted funds:					
- General	52,151	52,796	(54,102)	195	51,040
Pension reserve	(4,300)	-	202	(4,240)	(8,338)
	47,851	52,796	(53,900)	(4,045)	42,702
Restricted funds:					
- Millfield Centre Fund	1,372	46	-	-	1,418
- Sports Equipment Fund	1	-	-	-	1
- Other Funds	35	77	(18)	-	94
	1,408	123	(18)	-	1,513
Total Company	49,259	52,919	(53,918)	(4,045)	44,215

Restricted Funds

Restricted Funds are restricted to the purchase of capital items specified by those donors. The fixed asset acquisition will discharge the restriction and the purchase of the asset will be reflected as a transfer from restricted to unrestricted funds in the year of acquisition.

20. Allocation of Group Net Assets

	Fixed assets £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Pension reserve £'000	At 31 August 2020 £'000
Unrestricted funds:					
- General	62,903	(10,968)	(4,500)	-	47,435
- Pension reserve	-	-	-	(7,932)	(7,932)
Restricted funds					
- Millfield Centre Fund	-	653	-	-	653
- Sports Equipment Fund	-	1	-	-	1
- Other Funds	-	122	-	-	122
Total Group as at 31 August 2020	62,903	(10,192)	(4,500)	(7,932)	40,279

	Fixed assets £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Pension reserve £'000	At 31 August 2019 £'000
Unrestricted funds:					
- General	65,009	(9,136)	(4,709)	-	51,164
- Pension reserve	-	-	-	(8,338)	(8,338)
Restricted funds					
- Millfield Centre Fund	-	1,418	-	-	1,418
- Sports Equipment Fund	-	1	-	-	1
- Other Funds	-	94	-	-	94
Total Group as at 31 August 2019	65,009	(7,623)	(4,709)	(8,338)	44,339

21. Capital Commitments

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Contracted but not provided as at 31 August	-	4,115	-	4,115

22. Pension Obligations

The total group pension contributions were £3,907,176 (2019: £3,018,631) of which £2,927,435 (2019: £2,023,915) related to the Teachers' Pension Scheme, £420,000 (2019: £420,000) related to the Millfield Final Salary Scheme for support staff (the Millfield Retirement Benefit Scheme) and £559,741 (2019: £574,716) was paid into defined contribution schemes.

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £2,927,435 (2019: £2,023,915) and at the year-end there were no amounts accrued in respect of contributions to this scheme at either year end.

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 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

Until the consultation and the cost cap mechanism review are 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.

Final Salary Scheme

For some of its support staff, the School operates a funded final salary scheme, whose assets are held in separate trustee-administered funds.

From 1 September 2005, the final salary scheme was closed to new members. On 31 December 2014, after consultation with the Trustees and active members, the Scheme was closed to future accrual and salary linkage. Qualifying new staff are automatically enrolled into a defined contribution scheme with contribution rates equivalent to the minimum rates set out by the Government in respect of auto enrolment schemes.

The final salary scheme is subject to triennial valuations by independent actuaries, the last full actuarial valuation was carried out as at 1 September 2019, using the projected unit method. At the valuation, the market value of the assets held was £13,493,000 and this value was sufficient to cover 63% of the benefits accrued to members after allowing for expected future increases in earnings, giving a shortfall of surplus of £7,914,000.

Deficit contributions have been paid at £420,000 per year up to 31 August 2020 and will increase to £583,100 from 1 September 2020 to 31 August 2036. Employer's deficit contributions made to the scheme in the period were £420,000 (2019: £420,000). Going forward the School will need to meet expenses, any insurance premiums and PPF levies separately. The Scheme's next triennial valuation is 1 September 2022. The level of contributions in respect of any deficit will be subject to review at the next actuarial valuation.

These financial statements reflect the requirements of FRS 102. The expense for the year as calculated by the actuary together with the re-measurement of the deficit are recognised in the Consolidated Statement of Financial Activities as shown below:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2020

	2020 £'000	2019 £'000
Statement of financial position		
Fair value of scheme assets	13,388	13,590
Present value of defined benefit obligation	(21,320)	(21,928)
Net deficit in scheme	<u>(7,932)</u>	<u>(8,338)</u>
Changes in the defined benefit obligation		
Defined benefit obligation at start of period	21,928	17,672
Interest cost on defined benefit obligation	366	503
Past service cost	-	100
Benefits paid	(776)	(646)
Actuarial loss/(gain)	(198)	4,299
Defined benefit obligation at end of period	<u>21,320</u>	<u>21,928</u>
Changes in the fair value of scheme assets		
Fair value of scheme assets at start of period	13,590	13,372
Interest income on scheme assets	228	385
Return less interest income on scheme assets	(74)	59
Contributions by the employer	420	420
Benefits paid	(776)	(646)
Fair value of scheme assets at end of period	<u>13,388</u>	<u>13,590</u>
Total expense recognised in expenditure		
Net interest on net defined benefit liability	138	118
Past service cost	-	100
Expenditure charged in year	<u>138</u>	<u>218</u>
Total amount recognised in the statement of financial activities		
Return less interest income on scheme assets	(74)	59
Actuarial (loss)/gain on liabilities	198	(4,299)
Re-measurement (loss)/gain recognised in the SOFA	<u>124</u>	<u>(4,240)</u>
Assets		
Target return	11,576	11,697
Property	1,698	1,752
Insurance annuities	95	97
Cash and net current assets	19	44
Fair value of scheme assets	<u>13,388</u>	<u>13,590</u>
Actual return on scheme assets over period	154	444
	2020 £'000	2019 £'000
Reconciliation of funded status		
Opening deficit	(8,338)	(4,300)
Employer contribution	420	420
Charge recorded in SOFA	(138)	(218)
(Loss)/Gain recorded in statement of financial activities	124	(4,240)
Closing deficit	<u>(7,932)</u>	<u>(8,338)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2020

	2020	2019
Main financial assumptions	% pa	% pa
Discount rate	1.7	1.7
Price inflation:		
- RPI	3.1	3.2
- CPI	2.3	2.2
Deferred pension increases:		
- Pensions accrued to 5/4/09	2.3	2.2
- Pensions accrued from 6/4/09	2.3	2.2
Pension increases in payment:		
- GMPs accrued from 6/4/88	3.0	3.0
- Non-GMPs accrued to 31/8/05	3.0	3.1
- Pension accrued from 1/9/05	2.1	2.1
 Mortality assumptions and life expectancies	 2020	 2019
Expected future lifetime from age 65:	Years	Years
- Male currently aged 65	21.8	21.6
- Female currently aged 65	24.1	23.9
- Male currently aged 45	22.8	22.7
- Female currently aged 45	25.2	25.0
 23. Reconciliation of net expenditure to net cash generated from operations		
	2020	2019
	£'000	£'000
Net (Expenditure)	(4,184)	(810)
Adjustments for:		
Depreciation of tangible fixed assets	5,585	5,549
Defined benefit pension scheme adjustment	(420)	(420)
Interest receivable	(22)	(32)
Interest payable	310	441
Loss on sale of tangible fixed assets	705	7
Operating cash flows before movements in working capital	<u>1,974</u>	<u>4,735</u>
 Decrease in stocks	17	50
Decrease in debtors	194	254
Increase in creditors	2,196	2,144
Advance fees applied	(4,910)	(5,815)
	<u>(2,503)</u>	<u>(3,367)</u>
 Cash generated from operations	<u>(529)</u>	<u>1,368</u>

24. Financial Commitments

At 31 August 2020 the group had total future minimum lease payments under non-cancellable operating leases, as follows:

	Other		Motor Vehicles	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts due within one year	36	35	73	122
Amounts due in two to five years	43	62	10	83

25. Related Party Transactions

Transactions between the School and its subsidiary, Millfield School Enterprises Limited are disclosed below:

	2020 £'000	2019 £'000
Purchases of goods in year	367	557
Rents received	33	33
Gift Aid received	166	162

The School has a limited number of students who are family members of governors. Fees are payable at the same level as other students, and entitlement to fee remission is considered in line with the School's stated policy.

The Governors made aggregate donations of £2,240 during the year to Millfield. One of the Governors, N Della Valle, is a director of Della Valle Architects which charged £15,510 for services provided on an arm's length basis during the year to Millfield. No other related party transactions other than those listed in note 9.

26. Prior year Consolidated Statement of Financial Activities by Fund

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000
Income from:				
Charitable Activities:				
- Fees receivable	3	43,622	-	43,622
- Other educational income	4	3,442	-	3,442
Other Trading Activities:				
- Other fees and external hiring		5,609	-	5,609
- Subsidiary trading income		824	-	824
Investment Income	5	24	8	32
Donations and legacies	6	2	115	117
Other Income	7	97	-	97
Total Income		<u>53,620</u>	<u>123</u>	<u>53,743</u>
Expenditure on:				
Charitable Activities				
		(48,458)	(18)	(48,476)
Raising Funds:				
- Other fees and external hiring		(4,676)	-	(4,676)
- Subsidiary trading expenditure		(723)	-	(723)
- Fundraising		(160)	-	(160)
Finance and Other Costs		(518)	-	(518)
Total Expenditure	8	<u>(54,535)</u>	<u>(18)</u>	<u>(54,553)</u>
Net income		(915)	105	(810)
Other recognised losses:				
Re-measurement of the net defined benefit liability	22	(4,240)	-	(4,240)
Net Movement in Funds		<u>(5,155)</u>	<u>105</u>	<u>(5,050)</u>
Total Funds Brought Forward		<u>47,981</u>	<u>1,408</u>	<u>49,389</u>
Total Funds Carried Forward	19	<u>42,826</u>	<u>1,513</u>	<u>44,339</u>

27. Contingent Liabilities

The School has a catering contract with Chartwells until 31 August 2021. As part of the contract the School has benefitted from an investment in the School's dining hall facilities which, under the terms of the contract, are written down over a straight-line basis from the date of expenditure to the 31 August 2021. In the event that the School terminates the contract early it would be liable to repay the written down value of the investment. As at the year end the written down value of the investment is £180,000 (2019: £360,000).

28. Capital

The Company is limited by guarantee and does not have a share capital.

GOVERNORS, ADVISORS AND KEY STAFF
for the year ended 31 August 2020

The Governors of Millfield ("the School") are the School's charity trustees under charity law and the directors of the charitable company. During the year the activities of the Governing Body were carried out through five committees. In addition to the committees some members of the Governing Body also act as trustees for Millfield Retirement Benefits Scheme and as directors of subsidiary companies (Millfield School Enterprises Limited and Millfield Overseas Limited). The members of the Governing Body who served in office as Governors during the year and subsequently are detailed below.

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Roland Rudd	Chairman		*					
Wim Bushell				*c			*c	
Richard Clark			*				*	
Dr. Nicola Della Valle	Appointed 23 November 2019			*				
Frances Dickens			*					
Stephen East		*c	*					
Richard Exley	Deputy Chair		*	*				
Tim Griffiths			*				*	*
Kate Griggs					*			
Christopher Hirst				*	*c			
Andrew Jackson	Resigned 9 September 2020		*			*	*	
Chris Macdonald			*c					*
John Maudslay		*				*c		
Janet Mitchell	Appointed 20 March 2020				*			
Douglas Pinto	Appointed 13 August 2020	*				*		
Anabel Sexton					*			
Marc Simon		*						
Timothy Taylor	Resigned 24 March 2020				*			
Robert Thornton	Resigned 29 September 2020			*	*c			
Richard Tovey		*			*			
Peter Warner		*			*			
Oliver Welsby	Appointed 13 August 2020	*						

*c denotes the current Chair of a committee or board.

1. Audit, Compliance and Risk Committee
2. Building and Finance Committee
3. Appointments Committee
4. Education Committee
5. Trustee, Millfield Retirement Benefits Scheme
6. Director, Millfield School Enterprises Limited
7. Director, Millfield Overseas Limited

OFFICERS - (key management personnel currently and throughout the year)

Gavin Horgan	Headmaster of Millfield
Shirley Shayler	Headmistress of Millfield Prep School
Melissa Johnson	Finance Director of Millfield Schools

SECRETARY AND CLERK TO THE GOVERNORS

Rachel Summerhayes

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