



**MILLFIELD**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended

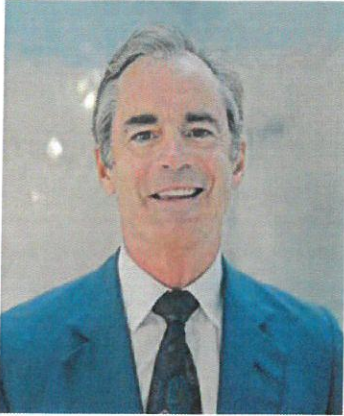
31 August 2021

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Company number: 00522385  
Registered Charity Number: 310283

## **CONTENTS**

CHAIRMAN'S STATEMENT	3
REPORT OF THE GOVERNING BODY	4
INDEPENDENT AUDITOR'S REPORT	20
CONSOLIDATED STATEMENTS OF FINANCIAL ACTIVITIES	23
BALANCE SHEETS	24
CONSOLIDATED CASH FLOW STATEMENTS	25
NOTES TO THE FINANCIAL STATEMENTS	26
GOVERNORS, ADVISORS AND KEY STAFF	44



For the second year running, 2021 proved that there are remarkable levels of fortitude amongst the staff, parents and pupils at Millfield and Millfield Prep. Change was the watchword of the year, and everyone connected to Millfield has managed these changes with strength, calmness and overwhelming positivity.

The schools reopened in September 2020 after a substantial period of closure and operated under national restrictions throughout the Autumn term before closing again in January and February. I would like to thank staff for their resilience and dynamism, through the uncertainty they adapted and continued to provide an outstanding academic, pastoral and co-curricular experience for our pupils despite the challenges they faced. Their ability to continue to deliver at the highest levels has been instrumental in achieving the high levels of retention and recruitment achieved by the school in the past two years which lay an excellent base for future growth. Our pupils have been through extraordinary times too and we are so impressed by their resilience. Like all educational establishments we are mindful of the impact recent times have had on all of our community's wellbeing as we transition out from the pandemic.

During the year, the school launched the Discover Brilliance fundraising campaign by holding its very first Giving Day, a celebration of all the school has to offer to pupils. Millfield has a long tradition of philanthropy, dating back to the founding of the school. Looking ahead to Millfield's 100th anniversary in 2035, we have set an ambitious target of raising £100 million for scholarships and bursaries in the Discover Brilliance Fund to enable students from families with limited financial means to attend Millfield. A Millfield education is transformational. Children that attend the school routinely reach the highest levels in academia, sport, music, creative arts – wherever their passion lies, they can discover their brilliance: our aim is to work hand-in-hand with the Millfield Foundation, a charity established to enable children to benefit from a Millfield education, to create an endowment fund which will support 100 fully funded boarders. We pay thanks to all of our generous donors who have contributed to the Fund so far, and we look forward to an exciting year ahead.

Together, the strong pupil numbers and actions taken by the school have safeguarded the financial position over the course of the year, and the school has returned a small surplus.

Shirley Shayler, the hugely committed and popular headmistress of Millfield Prep retired at the end of the year after ten years at the helm and I would like to recognise her success and hard work throughout this time. She has been succeeded by Dan Thornburn who joined the school in January 2022 and I am confident that he will take to school to new heights.

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 2021 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 44-45.

## REVIEW OF THE YEAR

This report features the achievements of Millfield staff and students during the second Covid-19 pandemic year in education, a challenging year in which we adapted and formed new ways of learning to maintain the standard of education and opportunities at Millfield for our students. Never one to rest on its laurels, Millfield continued to thrive, and the Millfield spirit is more determined than ever.

The Millfield Way is an example to all schools around the world. We all felt disruption, but we rose to the challenge of making that disruption positive and beneficial and the resilience learned will be a key attribute needed in the world of work and in life. We were authentic about how we felt, brilliance shone through in astonishing ways, we developed new curiosities in the world we found ourselves in, we were kind and understanding of the different situations we were all learning in, and we have all grown in resilience.

## Principal Achievements and Performance

### *Educational performance*

Millfield is a large, non-selective independent school with around 1,275 students at the senior school site and 407 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 222 students in Year 11 and 298 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.

In January 2021 it was announced that examinations would not go ahead in the usual format due to the levels of disruption that students have faced due to the pandemic. In late February we received confirmation that grading for GCSEs, A levels and BTECs would be determined by teachers, who would holistically evaluate a portfolio of evidence from each student. Students sat exams in the summer term at Millfield with teachers using published grade descriptors to determine each student's grade from their portfolio. Teacher judgements were subject to a rigorous process of internal moderation first at department level and then by the academic senior leadership team. After external moderation, all Millfield grades were endorsed by the exam boards.

A level or equivalent results		
	Top 100	Year Group
A* - A grades	88.0%	47.8%
A* - B grades	98.5%	73.4%
A* - C grades	99.6%	89.2%
A* - E grades	100.0%	99.9%

GCSE results		
	Top 100	Year Group
9-7 or A* - A grades	90.0%	55.7%
9-5 or A* - B grades	99.3%	87.9%
9-4 or A* - C grades	99.9%	96.4%
9-2 or A* - E grades	100.0%	99.9%

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 69% of entries achieving distinctions.

#### *University Destinations*

Every year we encourage students to apply to UCAS prior to leaving Millfield. This year, 91% of our leavers applied to UCAS, which was an all-time high, with 90% 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 Old Millfieldian Society after they leave.

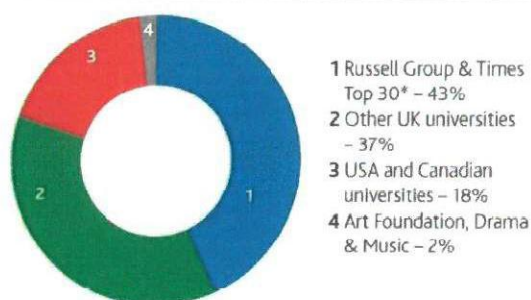
This year saw 84 Millfield leavers confirming places into Russell Group universities, with an additional 9 Old Millfieldian's "OMs" achieving places via post-results applications. The most popular Russell Group choices this year were Exeter, Edinburgh, Cardiff and Durham. An additional 111 leavers achieved places at Times Top 30 institutions, including Bath, St Andrews, Loughborough and Royal Holloway.

32 of our leavers and 2 OMs won places at North American universities, including MIT, Princeton, Dartmouth College and UCLA; 18 of these achieved a mixture of academic and sporting scholarships including swimming, hockey, athletics, football, rugby and tennis. Places were also obtained at universities in Italy, Spain, New Zealand, South Korea, Turkey and China.

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#### WHERE MILLFIELD STUDENTS GO

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\*In addition to the Russell Group of universities, The Times top 30 (2021) includes other selective universities such as University of St Andrews, University of Bath and Loughborough University.

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#### *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 2020/21' and 'The Year at Millfield Prep 2020/21' publications. These publications are an excellent roundup of all of the extraordinary opportunities that Millfield provides.

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 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 and to participate in the Duke of Edinburgh Bronze Award challenge should they wish. 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 6.5:1 (2020: 6.4:1).

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 continued impact of Covid-19, our capital investment during the year was lower than previous years and around £2.0 million was spent on capital investment largely to maintain the school's facilities and infrastructure. This included:

- Replacement of boilers, pumps, valves and AHU's operating the main pool. Energy efficient replacements and new building management systems controls to improve the control and fuel consumption of the pool plant (£0.6 million)
- Conversion of old Junior boys changing room and stewards store to create large changing provision for junior and senior girls incorporating showers, toilets, changing rooms, lockers, cleaners store and matrons' office (£0.3 million)
- Upgrade to North car park lighting, new CCTV cameras and power for electric vehicle charging points
- Conversion and refurbishment of the ground floor of The Cottage to create a Wellbeing Hub
- Alteration of dormitories in Millfield house to install new study bunks
- Replacement of all roof-mounted extraction ductwork to the main kitchens and dining hall

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.

### **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 2020/21



### *Access, scholarships and bursaries*

Scholarships and bursaries enable access to the school for talented students who would benefit from an education at Millfield. Scholarships may be supplemented with means-tested bursaries of up to 110%, to uphold our powerful principle of diversity that is the Millfield Mix, making sure that those children who would best benefit from a 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 2021, the total value of scholarships and bursaries (excluding staff concessions) was £6.6 million (2020: £6.4 million), representing 13.1% of gross fee income (2020: 13.3%).

In addition to offering adjusted fees for the remote learning provision necessary for 7 weeks of spring term 2021, 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 “means-tested” short-term hardship awards and deferred payment arrangements. A number of our parents donated their fee adjustment and these gestures supported those in financial need.

### *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. The programme involves over 100 cadets from all year groups, including 15 boys and girls from St Dunstan’s School
- The United Schools project has managed to connect students both in our immediate community with a successful online mentoring programme helping local pupils’ study for their GCSEs, and in Hangdewa, Nepal, where a growing letter exchange has seen some beautiful words, insights into differing cultures and stark realities fuel meaningful friendships

### *Community engagement*

- It was Millfield’s first ever Giving Day this year. On 26 & 27 May 2021, Giving Day brought together the whole Millfield community. We carried out lots of fun and exciting challenges to raise money for the Discover Brilliance Fund and more than £150,000 was raised
- Millfield launched an exciting campaign, Millfield Transform a Life x #TOGETHER FUND, to raise funds for bursaries to enable talented children to access a transformational education
- Glastonbury Food Bank boxes were produced by Millfield Prep parents and pupils and delivered to the food bank by Reverend Kitto when there were no services due to Covid restrictions

- Following the success of The Gratitude Project last year, Millfield Prep pupils decided to keep saying 'thank you' to those they appreciate. From making cards, baking cakes and doing chores to sponsored events, pupils showed their appreciation to family, community services and the school's staff. In total, including poppy sales for Remembrance Day and fundraising for Comic Relief, pupils raised a total of over £4,000 from their community and charity efforts
- Staff and members of the Millfield community donated over 50 Christmas food hampers to vulnerable local families in the Street area during the Christmas period. The joint initiative with Millfield's catering partner, Chartwells, aimed to ensure everyone had a special meal on Christmas day. Children at local schools in the Mendip area also received over 50 coats for winter
- A Millfield L6 student and his family supported their local community in New Delhi throughout lockdown, teaching rugby, American football, English and delivering goods
- More than 15,500 secondary school children from more than 300 schools across the UK travelled virtually to Australia, Iceland, Japan and Italy. This Ultimate School Trip was devised by Millfield's Deputy Head Alexandra Haydon. The Trip was open to students everywhere, and saw registrations from schools in Guernsey, Northamptonshire, Kent, Greater Manchester, Wales and even Nepal and Hong Kong
- A Millfield L6 has been supporting his local community by volunteering at a local vaccination centre. At the beginning of the pandemic, the student, alongside his brother who is in Year 11, delivered baked goods to hospitals, out of hours doctors surgeries and emergency services. The boys also contacted several warehouses and organised a delivery of drinks and fresh fruit directly to the emergency admissions department at their local hospital
- Almost 50 students partnered up with local care home residents on a virtual pen pal project to share letters and birthday cards during the pandemic. Millfield's 'Pen Pals Plus', saw over 100 cards and letters delivered to six local care homes in the Street and Glastonbury area and included over 83 residents



### *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, including:

- Our AV team and equipment regularly support Wells Cathedral events
- Sales of Glastonbury 'Bridging the Gap' Christmas cards at Millfield Prep raised £240
- Millfield Prep pupils wore mismatched socks to support and raise awareness for Anti-Bullying Week. They were taught the importance of living by the school's value of 'Be Kind' and how an individuals' differences are valued at Millfield.
- The Millfield Prep 2020 production, 'Magic of Juniors at Christmas', raised money for Julia's House, which supports families who live in the knowledge that their child may not survive into adulthood
- Pupils at Millfield Prep and Millfield Pre-Prep enjoyed a non-uniform day in November, raising a total of £920 for Children in Need
- Millfield Prep Equestrian hosted an internal show jumping competition. Pupils from Year 2 in Pre-Prep up to Year 8 in Prep took part, with a total of 26 riders competing in fancy dress costumes and fun onesies. In total, the competition raised £550 for Children in Need
- At the beginning of May, in recognition of Captain Tom and his impressive money-raising feat to aid the NHS, Millfield Prep pupils took part in varying challenges. These included running 100 laps of the running track and doing 100 x 100m sprints in each tutor group, all to raise money for Young Minds, a charity that works closely with children who are struggling with their mental health. A total of £1,290 was raised
- Talented Millfield students took to the Meyer Theatre stage once again for this year's Showcase, which raised just over £7,600 for the schools three charities. The charities are selected by Millfield's pupil-led charity committee
- Millfield students raised £9,000 for our chosen charities Barnardos, Lalibela High School and Heads Up.

### *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
- IAPS Netball Regionals were again hosted by Millfield, with schools attending from all over the south west
- Millfield hosted the remote Schools Biathlon competition and National Biathle



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

- Millfield concerts continue to be free for the local community. In addition, Millfield Music School continues to host several community-based music projects each year
- Determined not to let this year's restrictions prevent us from providing music for local care homes in the area, we recorded a concert featuring Year 8 soloists and created a DVD, which was sent to residential communities and care homes across Somerset
- Year 6 and Year 7 pupils had the opportunity to take part in 'The Great Big Art Exhibition', in which pupils created art on a national theme and exhibited their outcomes in their windows for the public to see.

*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" tiered approach ensures strategic long-term decisions are rigorously considered.
- (b) "The interests of the company's employees" - as a leading independent school, Millfield's employees and facilities are the key variables for its community. The approach to employee interests is included under the Employee Involvement and Equal Opportunities section on pages 13-14. 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 full governing body meetings.
- (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, Governors appreciate the importance of our impact on the local community and the environment. Millfield takes this aspect very seriously as shown 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 policies and procedures approved by the 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 a requirement to comply with the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership and there are policies and procedures 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>

The short-term strategic objectives for 2021/22 (*note Strategic plan objective highlighted in bold*) include:

**An exceptional academic experience for all children:** specifically the development of the Brilliance Curriculum for each academic subject including a programme of events and competitions across the year; improved houseparent mentoring of pupils' academic progress; improve teacher personal development through enhanced CPD programmes both on subject knowledge and departmental leadership;

**Provision of public benefit through effective partnerships** – specifically looking to establish support for a Millfield sponsored Multi Academy Trust, develop a forum for promoting good practice across local schools, extend the reach of academic events including the “ultimate school trip” model as well as offering volunteering and mentoring opportunities to local schoolchildren;

**Promote physical and mental health, happiness and wellbeing** – a series of initiatives allowing time to reflect, recommit, re-engage and re-think so able to develop and flourish post the covid pandemic as well as a new Strategy for Sport looking at programme design, operational excellence and development pathways for different sports;

**Sustainable financial model** – work on building cash and reserves post pandemic, including ongoing development of the Discover Brilliance fundraising campaign which aims to raise £100 million endowment by Millfield’s 100<sup>th</sup> year in 2035 and the short-term regeneration of our holiday income streams based on English Language Holiday Courses, sports courses, facility hire and major events;

We launched our Discover Brilliance Fundraising campaign in April 2021 and held our first “Giving Day” in May with the results highlighted below.



A key target for the coming years is to find funding for bursaries and create an endowment fund to support our desire to broaden access to a Millfield education.

**Campus Master plan to provide the best school facilities** – initially focussing on maintaining our current assets and looking to refurbish B Block, develop a new 6<sup>th</sup> Form centre and library and construct a “hybrid” sports pitch inside the athletics track.

## **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.

### *Governor training*

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 (2020: £389) 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 continued during the year where both teaching staff and Governors discussed whether Millfield should continue its membership of the Teachers' Pension Scheme ("TPS"). It was concluded that Millfield would leave the TPS on 31 August 2021 and that teachers would be offered the opportunity to enrol in a defined contribution pension scheme with Legal & General from 1 September 2021.

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 and our gender pay review for the year is as follows:

Women's average hourly pay is:	5 April 2021	5 April 2020	5 April 2019
Mean gender pay gap	22.7% lower	17.9% lower	24.1% lower
Median gender pay gap	37.6% lower	36.8% lower	31.7% lower

There has been a further reduction in the average full-time equivalent number of persons employed during the year to 632 (2020: 667). This reduction arose from staff reorganisation measures taken to reduce our cost base and this process continues. The overall impact for the year ended 31 August 2021 is a greater reduction in the absolute number of men compared to women employees, mainly in the skilled tradesperson category. As a result, there is an increase in the average pay as well as an upward movement in the median salary for the remaining, albeit reduced male workforce.

Number and proportion of men and women in each pay quartile:	Lower quartile	Lower middle quartile	Upper middle quartile	Upper quartile	Total
Number of employees - male	72	77	117	137	403
Number of employees - female	212	207	167	147	733
% of employees - male	25.4%	27.1%	41.2%	48.2%	35.5%
% of employees - female	74.6%	72.9%	58.8%	51.8%	64.5%

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

Bonuses:	
Proportion of men receiving a bonus	0.01%
Proportion of women receiving a bonus	0.00%
Mean bonus gender pay gap	100.00%
Median bonus gender pay gap	100.00%

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. The school was forced to close physically for most of spring term 2021 and move to the remote provision offered during summer term 2020. This second closure required further communication with suppliers, customers (being pupils and their parents), to confirm 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.

## **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**

Millfield generated a small surplus of £0.5 million compared to the deficit of £4.2 million for the year ended 31 August 2020. The movement of £4.7 million is explained by additional income of £2.0 million and savings in our cost base of £2.7 million through ongoing staff reorganisation and overhead savings. 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 (2020: £3.6 million) were provided to students despite the strain on cashflow arising from the covid pandemic.

There is a pension liability of £6.0 million (2020: £7.9 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 generated positive cash flow of £1.4 million compared with the shortfall of £0.5 million incurred 2020 as set out in note 23. The positive movement puts the cash generation comparative to 2019 levels. After considering investing and financing activities, there was a £5.2 million net inflow of funds during the year (2020: £2.0 million net outflow). This improvement in cash reserves is largely due to the freeze on capital investment together with an increase in the level of fees in advance and deposits received.

### *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 foundation 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, including the actuarially calculated funding deficit on the School's defined benefit pension scheme that under FRS102 is accrued as a liability. 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:		2021	2020
	Note	£ million	£ million
Total Funds	19	42.3	40.0
Less: Restricted Funds	19	(0.9)	(0.8)
Unrestricted Funds	19	41.4	39.2
Less: unrestricted tangible fixed assets	11	(59.4)	(62.9)
<i>Free Reserves</i>		<b>(18.0)</b>	<b>(23.7)</b>

*Free Reserves:*

There are no free reserves, but Governors are satisfied with this position given that a bank overdraft facility of £10 million remains in place together with anticipated future cash flows.

Included in free reserves is the actuarially calculated funding deficit of £6.0 million (2020: £7.9 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.

The Governors expect the present level of activities to be sustained at broadly the same level for the current year despite the challenging environment and the financial position. 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.

## Streamlined Energy and Carbon Reporting (SECR)

*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.

	2020/21	2019/20
<b>Energy Use kWh*</b>	20,515,536 kWh	16,981,349.6 kWh
<b>Associated Tonnes: CO2 equivalent**</b>	4,578 tonnes CO2e	4,005 tonnes CO2e
<b>Intensity Ratio: Emissions per capita (staff &amp; students)</b>	1.85 tonnes CO2	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 2021

*Breakdown of energy between utilities and transport & other:*

Tonnes CO2e	2020/21	2019/20
Electricity	908	990
Gas	2,453	1,979
Oil	634	435
LPG	235	178
Fuel & mileage	173	185
Water	62	68
Refrigerant gases	113	170
Total	4,578	4,005

### *Energy efficiency measures*

In the year 2020/2021, the following energy efficiency actions were undertaken:

- £585k was invested in the supply and installation of a new plant and building management control for the indoor swimming pool at the senior school. The old plant was at end of life and this will now allow the boilers and air handling units to operate at optimal levels when the pool is not in use i.e. during the night-time and some holiday periods.
- Four electrical vehicle charging points have been installed in the North Car Park in order to support and encourage staff and visitors to Millfield with the use of electric and hybrid vehicles.
- £250k has been invested on insulating large areas of un-insulated flat and pitched roofs to reduce energy through unnecessary heat loss
- The LED lighting upgrade program continued

### *Plans for energy efficiency in the year ahead*

- £170k has been ring fenced for capital upgrades to numerous lighting systems with modern energy saving LED fittings and automatic absence and presence detection which overcomes the human error of leaving lights switched on and resultant energy waste
- Upgrading the B Block teaching facility will include the use of more energy efficient heating and cooling systems, LED lighting upgrades and improved roof insulation.
- The upgrade of poor roof insulation across both school sites will continue.
- Funds of £130k have been set aside to undertake feasibility studies to move some campus and boarding buildings from gas fired heating and hot water to alternative forms including Air Source Heat Pumps, Photovoltaics and Solar Thermal systems.
- Plans have been made to refurbish and renovate all windows at Kingweston House (Grade II Listed) to include draught seals in order to help mitigate heat loss from the building.
- The school is focused on a 'fabric first' approach to optimise energy efficiency across its sites

## **Risk Management**

The Board of Governors is responsible for the management of risks faced by Millfield. An ongoing process has been established for identifying, evaluating and managing these 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

As we emerge from the second winter of the pandemic, the outlook is a little more certain. Vaccines mean the potential illness severity across the general population is reduced. Travel and venues are generally opening up in the UK and school life is starting to return to normal after two periods of remote provision (summer term 2020 and spring term 2021). Millfield has reorganised and changed the way it operates during the pandemic. Assuming pupils number remain stable, Millfield is in strong financial position and so Governors believe 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 18 March 2022 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 2021

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**Opinion**

We have audited the financial statements of Millfield for the year ended 31 August 2021 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 2021 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.

**Conclusions relating to going concern**

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

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

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

**Other information**

The trustees 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLFIELD for the year ended 31 August 2021

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### **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 includes 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 the directors' report included within the Report of the Governing Body have 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLFIELD  
for the year ended 31 August 2021

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Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to independent school regulations, safeguarding regulations, health and safety laws, GDPR, employment law, charity law and company law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and the Charities Act 2011, and considered other factors such as payroll taxes and VAT.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to improper recognition of revenue and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing a selection of journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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: 22.3.22

10 Queen Street Place  
London  
EC4R 1AG

CONSOLIDATED STATEMENTS OF FINANCIAL ACTIVITIES  
for the year ended 31 August 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
<b>Income from:</b>					
Charitable Activities:					
-	3	42,024	-	42,024	39,820
-	4	2,468	-	2,468	2,921
Other Trading Activities:					
-		1,030	-	1,030	409
-		707	-	707	549
Investment income	5	-	-	-	22
Donations, grants and legacies	6	1,152	98	1,250	1,745
Other income	7	107	-	107	104
<b>Total Income</b>		<b>47,488</b>	<b>98</b>	<b>47,586</b>	<b>45,570</b>
<b>Expenditure on:</b>					
Charitable Activities					
		(44,743)	(3)	(44,746)	(47,240)
Raising Funds:					
-		(1,310)	-	(1,310)	(1,150)
-		(591)	-	(591)	(503)
-		(119)	-	(119)	(142)
Finance and Other Costs		(273)	-	(273)	(719)
<b>Total Expenditure</b>	8	<b>(47,036)</b>	<b>(3)</b>	<b>(47,039)</b>	<b>(49,754)</b>
<b>Net income /(expenditure)</b>		<b>452</b>	<b>95</b>	<b>547</b>	<b>(4,184)</b>
Transfers between funds	19	3	(3)	-	-
<b>Other Recognised Gains/(Losses):</b>					
Re-measurement of the net defined benefit pension liability	22	1,457	-	1,457	124
<b>Net Movement in Funds</b>		<b>1,912</b>	<b>92</b>	<b>2,004</b>	<b>(4,060)</b>
Total Funds Brought Forward		39,503	776	40,279	44,339
<b>Total Funds Carried Forward</b>	19	<b>41,415</b>	<b>868</b>	<b>42,283</b>	<b>40,279</b>

All amounts relate to continuing operations.  
Comparative table included on page 42, note 26.

The notes on pages 26 – 43 form part of these financial statements.

BALANCE SHEETS  
for the year ended 31 August 2021

		<b>Group</b>		<b>Company</b>	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	11	59,378	62,903	59,364	62,903
Investments	12	-	-	325	325
		<u>59,378</u>	<u>62,903</u>	<u>59,689</u>	<u>63,228</u>
<b>Current Assets</b>					
Stocks	13	315	294	-	-
Debtors	14	1,377	1,191	1,263	1,111
Cash at bank and in hand		11,245	6,000	11,223	5,976
		<u>12,937</u>	<u>7,485</u>	<u>12,486</u>	<u>7,087</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(18,185)</u>	<u>(17,677)</u>	<u>(18,081)</u>	<u>(17,625)</u>
<b>Net Current liabilities</b>		<u>(5,248)</u>	<u>(10,192)</u>	<u>(5,595)</u>	<u>(10,538)</u>
<b>Total Assets Less Current Liabilities</b>		54,130	52,711	54,094	52,690
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(5,825)</u>	<u>(4,500)</u>	<u>(5,825)</u>	<u>(4,500)</u>
<b>Net Assets Excluding Pension Liability</b>		48,305	48,211	48,269	48,190
Defined benefit pension liability	22	<u>(6,022)</u>	<u>(7,932)</u>	<u>(6,022)</u>	<u>(7,932)</u>
<b>Net Assets</b>		<u>42,283</u>	<u>40,279</u>	<u>42,247</u>	<u>40,258</u>
<b>Funds</b>					
Unrestricted funds					
- General		47,437	47,435	47,401	47,414
- Pension reserve	22	<u>(6,022)</u>	<u>(7,932)</u>	<u>(6,022)</u>	<u>(7,932)</u>
		<u>41,415</u>	<u>39,503</u>	<u>41,379</u>	<u>39,482</u>
Restricted funds	19	<u>868</u>	<u>776</u>	<u>868</u>	<u>776</u>
<b>Total Funds</b>		<u>42,283</u>	<u>40,279</u>	<u>42,247</u>	<u>40,258</u>

The parent company's net expenditure for the year, before movement in the pension reserve was £4,284,000 (2020: net expenditure £4,362,000).

The financial statements were approved and authorised for issue by the Board of Governors of Millfield on 18 March 2022 and signed on its behalf by:



.....  
Roland Rudd  
Chair of Governors

The notes on pages 26-43 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 August 2021

	Note	2021 £'000	2020 £'000
<b>Operating Activities</b>			
Cash generated from/(used by) operations	23	1,389	(529)
<b>Investing Activities</b>			
Interest received		-	22
Purchase of tangible fixed assets	11	(1,960)	(4,901)
Proceeds on sale of tangible fixed assets		23	717
<b>Net cash used in Investing Activities</b>		<u>(1,937)</u>	<u>(4,162)</u>
<b>Financing Activities</b>			
Repayment of borrowings		(622)	(581)
Interest paid		(61)	(103)
Receipts from new advance fee contracts		6,516	3,597
Advanced fees repaid		(40)	(192)
<b>Net cash generated from Financing Activities</b>		<u>5,793</u>	<u>2,721</u>
Change in cash and cash equivalents in year		5,245	(1,970)
Cash and cash equivalents at beginning of the year		<u>6,000</u>	<u>7,970</u>
Cash and cash equivalents at end of the year		<u>11,245</u>	<u>6,000</u>
<b>Relating to:</b>			
Bank balances included in cash at bank and in hand		<u>11,245</u>	<u>6,000</u>

Analysis of movements in net cash	2020 £'000	Cash flows £'000	Other Movements £'000	2021 £'000
Cash at bank and in hand	6,000	5,245	-	11,245
Total cash and cash equivalents	<u>6,000</u>	<u>5,245</u>	<u>-</u>	<u>11,245</u>
Loan (Due in less than one year)	(622)	622	(654)	(654)
Loan (Due after more than one year)	(654)		654	-
<b>Total</b>	<u>4,724</u>	<u>5,867</u>	<u>-</u>	<u>10,591</u>

The notes on pages 26-43 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 12.

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 2021. 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 remains some 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:

- i. 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.

- ii. 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.
- iii. 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 £6.0 million (2020: £7.9 million) and the adoption of different assumptions could have a material impact on the deficit.

**2. Net Income/(Expenditure)**

	2021 £'000	2020 £'000
Net Income/(Expenditure) is stated after charging:		
Auditor's remuneration for:		
- External Audit (Company £37,830 (2020: £36,240))	38	40
- Taxation - compliance services to the Company and its subsidiaries	2	2
- Pension scheme audit	8	7
Depreciation of tangible fixed assets	5,475	5,585
Operating lease costs	111	113
Profit on disposal of tangible fixed assets	(13)	717
Stock		
- Amounts expensed to cost of sales	332	303
- Impairment losses recognised in cost of sales	1	4
Interest payable		
- Loan interest	61	103
- Net interest on the net defined benefit pension liability	130	138
- Interest on fees in advance	69	69

**3. Fees Receivable**

	2021 £'000	2020 £'000
School fees	50,799	48,356
Less: Scholarships	(3,048)	(2,805)
Bursaries	(3,592)	(3,636)
Other concessions	(2,135)	(2,095)
	42,024	39,820

**4. Other Educational Income**

	2021 £'000	2020 £'000
Registration and acceptance fees	341	337
Travel, School trips, examination fees and other charges to students	2,127	2,584
	2,468	2,921

**5. Investment Income**

	2021 £'000	2020 £'000
Bank and other interest	-	22

**6. Donations, Grants and Legacies**

	2021 £'000	2020 £'000
Donation income	219	(715)
Donation (refunds)		
Coronavirus JRS Government Grant	1,031	2,460
	1,250	1,745

The Charity Commission approved the return of donations on the Millfield Centre project and an amount of £32k (2020: £759k) is included within donation income/(refunds).

**7. Other Income**

	2021 £'000	2020 £'000
Interest on overdue fees	29	28
Rents received	78	76
	<u>107</u>	<u>104</u>

**8. Analysis of Expenditure**

	Staff costs £'000	Other £'000	Deprec -iation £'000	2021 Total £'000	2020 Total £'000
<b>Charitable activities:</b>					
Teaching costs	22,059	1,827	474	24,360	25,131
Welfare	2,824	3,921	90	6,835	6,392
Premises	1,804	2,808	4,520	9,132	10,882
Support costs of Schooling	2,593	1,355	389	4,337	4,771
Governance costs	-	82	-	82	64
Total Charitable Activities	29,280	9,993	5,473	44,746	47,240
<b>Raising Funds:</b>					
Ancillary fees and external hiring	862	448	-	1,310	1,150
Subsidiary trading expenditure	188	401	2	591	503
Fundraising	79	40	-	119	142
Finance and other costs	-	273	-	273	719
Total Expenditure	30,409	11,155	5,475	47,039	49,754

**Prior year Analysis of Expenditure**

	Staff costs £'000	Other £'000	Deprec -iation £'000	2020 Total £'000	2019 Total £'000
<b>Charitable activities:</b>					
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	29,728	11,927	5,585	47,240	48,476
<b>Raising Funds:</b>					
Ancillary fees and external hiring	748	402	-	1,150	4,676
Subsidiary trading	138	365	-	503	723
Fundraising	58	84	-	142	160
Finance and other costs	-	719	-	719	518
Total Expenditure	30,672	13,497	5,585	49,754	54,553

## 9. Employee Information

	2021 Group Number	2020 Group Number	2021 Company Number	2020 Company Number
The average number of persons (full-time equivalent) employed during the year was:				
Teaching and coaching	258	266	258	266
Administration and support	374	401	367	394
	<u>632</u>	<u>667</u>	<u>625</u>	<u>660</u>
The average number of persons employed by the group during the year was:	<u>999</u>	<u>1,053</u>	<u>988</u>	<u>1,049</u>
Staff costs (for the above persons)	£'000	£'000	£'000	£'000
Wages and salaries	24,677	25,068	24,813	24,942
Social security costs	2,251	2,118	2,242	2,111
Defined benefit pension costs	2,910	2,927	2,910	2,927
Defined contribution pension costs	571	559	564	553
	<u>30,409</u>	<u>30,672</u>	<u>30,529</u>	<u>30,533</u>
Aggregate employee costs of key management personnel (including salary, benefits, pension contributions and national insurance)	<u>761</u>	<u>583</u>	<u>761</u>	<u>583</u>

The total amount relating to termination payments during the year was £308,000 (2020: £280,000). 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:

	2021 Number	2020 Number
£60,001 - £70,000	45	36
£70,001 - £80,000	14	9
£80,001 - £90,000	5	5
£90,001 - £100,000	1	-
£100,001 - £110,000	1	2
£110,001 - £120,000	-	1
£130,001 - £140,000	1	1
£220,001 - £230,000	-	1
£230,001 - £240,000	1	-
£280,001 - £290,000	1	-

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 (2020: nil). During the year, 13 (2020: 12) Governors were reimbursed expenses totalling £5,355 (2020: £7,853) for travel and subsistence and the School paid £389 (2020: £389) for Governors indemnity insurance.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2021

**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
<b>Cost</b>							
At 1 Sept 2020	76,907	888	30,053	7,205	2,881	801	118,735
Additions	-	815	452	172	521	-	1,960
Transfers	-	(889)	807	82	-	-	-
Disposals	-	-	(1,994)	(937)	(969)	(5)	(3,905)
At 31 Aug 2021	76,907	814	29,318	6,522	2,433	796	116,790
<b>Depreciation</b>							
At 1 Sept 2020	31,241	-	16,450	4,961	2,537	643	55,832
Charge for year	1,573	-	2,743	680	437	42	5,475
Disposals	-	-	(1,994)	(930)	(969)	(2)	(3,895)
At 31 Aug 2021	32,814	-	17,199	4,711	2,005	683	57,412
<b>Net book value</b>							
At 31 Aug 2021	44,093	814	12,119	1,811	428	113	59,378
At 1 Sept 2020	45,666	888	13,603	2,244	344	158	62,903

**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
<b>Cost</b>							
At 1 Sept 2020	76,907	888	30,053	7,200	2,841	774	118,663
Additions	-	815	452	172	505	-	1,944
Transfers	-	(889)	807	82	-	-	-
Disposals	-	-	(1,994)	(937)	(969)	(5)	(3,905)
At 31 Aug 2021	76,907	814	29,318	6,517	2,377	769	116,702
<b>Depreciation</b>							
At 1 Sept 2020	31,241	-	16,450	4,956	2,497	616	55,760
Charge for year	1,573	-	2,743	680	435	42	5,473
Disposals	-	-	(1,994)	(930)	(969)	(2)	(3,895)
At 31 Aug 2021	32,814	-	17,199	4,706	1,963	656	57,338
<b>Net book value</b>							
At 31 Aug 2021	44,093	814	12,119	1,811	414	113	59,364
At 1 Sept 2020	45,666	888	13,603	2,244	344	158	62,903

The net book value of the Group and Company tangible fixed assets includes an amount of £4,288,098 (2020: £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 £172,353 (2020: £178,982).

**12. Fixed Asset Investments**

<b>Company</b>	2021 £'000	2020 £'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 45:

	Millfield Overseas Limited	Millfield School Enterprises Limited	Millfield Overseas Limited	Millfield School Enterprises Limited
	2021	2021	2020	2020
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>361</u>	<u>-</u>	<u>346</u>
Turnover	-	998	-	898
Expenses	<u>-</u>	<u>(921)</u>	<u>-</u>	<u>(835)</u>
Profit	<u>-</u>	<u>77</u>	<u>-</u>	<u>63</u>
Distribution	<u>-</u>	<u>(62)</u>	<u>-</u>	<u>(166)</u>
Net Profit for financial year	<u>-</u>	<u>15</u>	<u>-</u>	<u>(103)</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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Goods for resale	<u>315</u>	<u>294</u>	<u>-</u>	<u>-</u>

**14. Debtors: amounts falling due within one year**

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	954	550	815	527
Other debtors	7	356	7	356
Amounts due from subsidiary	-	-	79	-
Prepayments	<u>416</u>	<u>285</u>	<u>362</u>	<u>228</u>
	<u>1,377</u>	<u>1,191</u>	<u>1,263</u>	<u>1,111</u>

**15. Creditors: amounts falling due within one year**

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed term bank loan (see note 17)	654	622	654	622
Amounts received under advance fee scheme (see note 18)	5,662	2,827	5,662	2,827
Amount due to subsidiary	-	-	-	101
Trade creditors	1,118	893	1,015	740
Taxation and social security costs	954	1,134	954	1,134
Other creditors	3,799	3,971	3,799	3,971
Accruals	644	1,670	643	1,670
School fees paid in advance	4,609	5,659	4,609	5,659
School fee deposits held	745	901	745	901
	<u>18,185</u>	<u>17,677</u>	<u>18,081</u>	<u>17,625</u>

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

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed term bank loan (see note 17)	-	654	-	654
Amounts received under advance fee scheme (see note 18)	1,371	1,301	1,371	1,301
School fees deposits held	4,454	2,545	4,454	2,545
	<u>5,825</u>	<u>4,500</u>	<u>5,825</u>	<u>4,500</u>

**17. Fixed Term Bank 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:

	2021 £'000	2020 £'000
Over one year:		
Within 1 to 2 years	-	654
		654
Within one year	654	622
	<u>654</u>	<u>1,276</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:

	2021 £'000	2020 £'000
Over one year:		
Within 1 to 2 years	623	724
Within 3 – 5 years	577	372
After 5 years	171	205
	<u>1,371</u>	<u>1,301</u>
Within one year	5,662	2,827

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2021

7,033

4,128

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:

	2021 £'000	2020 £'000
Balance at 1 September	4,128	5,564
New contracts	6,516	3,597
Amount accrued to contracts	69	69
	10,713	9,230
Amounts utilised in the payment of fees to the School	(3,640)	(4,910)
Refunds of fees paid in advance	(40)	(192)
Balance at 31 August	7,033	4,128

19. Funds – Group

	Balance 1 September 2020 £'000	Income £'000	Expenditure £'000	Defined benefit liability/ transfers £'000	Balance 31 August 2021 £'000
Unrestricted funds:					
- General	47,435	47,488	(47,489)	3	47,437
- Pension reserve	(7,932)	-	453	1,457	(6,022)
	39,503	47,888	(47,036)	1,460	41,415
Restricted:					
- Millfield Centre Fund	653	(635)	-	(18)	-
- Sports Equipment Fund	1	103	(3)	3	104
- Other Funds	122	630	-	12	764
	776	98	(3)	(3)	868
Total Group	40,279	47,586	(47,039)	1,457	42,283

	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)
	42,826	46,288	(49,754)	143	39,503
Restricted:					
- Millfield Centre Fund	1,418	(746)	-	(19)	653
- Sports Equipment Fund	1	-	-	-	1
- Other Funds	94	28	-	-	122
	1,513	(718)	-	(19)	776
Total Group	44,339	45,570	(49,754)	124	40,279

**Funds – Company**

	Balance 1 September 2020 £'000	Income £'000	Expenditure £'000	Defined benefit liability/ transfers £'000	Balance at 31 August 2021 £'000
Unrestricted funds:					
- General	47,414	46,792	(46,903)	98	47,401
Pension reserve	(7,932)	-	453	1,457	(6,022)
	39,482	46,792	(46,450)	1,555	41,379
Restricted funds:					
- Millfield Centre Fund	653	(635)	-	(18)	-
- Sports Equipment Fund	1	103	(3)	3	104
- Other Funds	122	630	-	12	764
	776	98	(3)	(3)	868
<b>Total Company</b>	<b>40,258</b>	<b>46,890</b>	<b>(46,453)</b>	<b>1,552</b>	<b>42,247</b>

	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	(718)	-	(19)	776
<b>Total Company</b>	<b>44,215</b>	<b>45,039</b>	<b>(49,318)</b>	<b>322</b>	<b>40,258</b>

**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 2021 £'000
Unrestricted funds:					
- General	59,378	(6,116)	(5,825)	-	47,437
- Pension reserve	-	-	-	(6,022)	(6,022)
Restricted funds					
- Sports Equipment Fund	-	104	-	-	104
- Other Funds	-	764	-	-	764
<b>Total Group as at 31 August 2021</b>	<b>59,378</b>	<b>(5,248)</b>	<b>(5,825)</b>	<b>(6,022)</b>	<b>42,283</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 August 2021

	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

**21. Capital Commitments**

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Contracted but not provided as at 31 August	357	-	357	-

**22. Pension Obligations**

The total group pension contributions were £4,064,193 (2020: £3,907,176) of which £2,910,237 (2020: £2,927,435) related to the Teachers' Pension Scheme, £583,200 (2020: £420,000) related to the Millfield Final Salary Scheme for support staff (the Millfield Retirement Benefit Scheme) and £570,755 (2020: £559,741) 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 £2,910,237 (2020: £2,927,435) and at the year-end £0 (2020 - £0) was accrued in respect of contributions to this scheme.

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

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

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

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

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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

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

#### **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 have increased to £583,100 from 1 September 2020 to 31 August 2036. Employer's deficit contributions made to the scheme in the period were £583,100 (2020: £420,000). From the 1 September 2020 the School also pays any insurance premiums, PPF levies and any costs relating to managing the scheme separately when due, except for investment management expenses. 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:

	2021 £'000	2020 £'000
<b>Statement of financial position</b>		
Fair value of scheme assets	15,058	13,388
Present value of defined benefit obligation	(21,080)	(21,320)
<b>Net deficit in scheme</b>	<u>(6,022)</u>	<u>(7,932)</u>
<b>Changes in the defined benefit obligation</b>		
Defined benefit obligation at start of period	21,320	21,928
Interest cost on defined benefit obligation		
Past service cost	357	366
Benefit paid	(705)	(776)
Actuarial loss/(gain)	108	(198)
<b>Defined benefit obligation at end of period</b>	<u>21,080</u>	<u>21,320</u>
<b>Changes in the fair value of scheme assets</b>		
Fair value of scheme assets at start of period	13,388	13,590
Interest income on scheme assets	227	228
Return less interest income on scheme assets	1,565	(74)
Contributions by the employer	583	420
Benefits paid	(705)	(776)
<b>Fair value of scheme assets at end of period</b>	<u>15,058</u>	<u>13,388</u>
<b>Total expense recognised in expenditure</b>		
Net interest on net defined benefit liability	130	138
Past service cost	-	-
<b>Expenditure charged in year</b>	<u>130</u>	<u>138</u>
<b>Total amount recognised in the statement of financial activities</b>		
Return less interest income on scheme assets	1,565	(74)
Actuarial (loss)/gain on liabilities	267	198
Change in assumption	(375)	-
<b>Re-measurement (loss)/gain recognised in the SOFA</b>	<u>1,457</u>	<u>124</u>
<b>Assets</b>		
Target return	13,056	11,576
Property	1,864	1,698
Insurance annuities	86	95
Cash and net current assets	52	19
<b>Fair value of scheme assets</b>	<u>15,058</u>	<u>13,388</u>
<b>Actual return on scheme assets over period</b>	1,792	154
<b>Reconciliation of funded status</b>		
Opening deficit	(7,932)	(8,338)
Employer contribution	583	420
Charge recorded in SOFA	(130)	(138)
(Loss)/Gain recorded in statement of financial activities	1,457	124
<b>Closing deficit</b>	<u>(6,022)</u>	<u>(7,932)</u>

	2021	2020
<b>Main financial assumptions</b>	% pa	% pa
Discount rate	1.8	1.7
Price inflation:		
- RPI	3.4	3.1
- CPI	2.6	2.3
Deferred pension increases:		
- Pensions accrued to 5/4/09	2.6	2.3
- Pensions accrued from 6/4/09	2.5	2.3
Pension increases in payment:		
- GMPs accrued from 6/4/88	3.0	3.0
- Non-GMPs accrued to 31/8/05	3.2	3.0
- Pension accrued from 1/9/05	2.2	2.1

	2021	2020
<b>Mortality assumptions and life expectancies</b>	Years	Years
Expected future lifetime from age 65:		
- Male currently aged 65	21.8	21.8
- Female currently aged 65	24.1	24.1
- Male currently aged 45	22.8	22.8
- Female currently aged 45	25.3	25.2

**23. Reconciliation of Net Income/(Expenditure) to net cash generated from operations**

	2021	2020
	£'000	£'000
Net Income/(Expenditure)	547	(4,184)
Adjustments for:		
Depreciation of tangible fixed assets	5,475	5,585
Defined benefit pension scheme adjustment	(583)	(420)
Interest receivable	-	(22)
Interest payable	260	310
Gain on sale of tangible fixed assets	(13)	705
<b>Operating cash flows before movements in working capital</b>	<b>5,686</b>	<b>1,974</b>
Increase in stocks	(21)	17
Increase in debtors	(186)	194
Decrease in creditors	(450)	2,196
Advance fees applied	(3,640)	(4,910)
	<b>(4,297)</b>	<b>(2,503)</b>
<b>Cash generated from operations</b>	<b>1,389</b>	<b>(529)</b>

**24. Financial Commitments**

At 31 August 2021 the group had total future minimum lease payments under non-cancellable operating leases, as follows:

	Other		Motor Vehicles	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts due within one year	29	36	81	73
Amounts due in two to five years	42	43	241	10

**25. Related Party Transactions**

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

	2021	2020
	£'000	£'000
Purchases of goods in year	303	367
Rents received	33	33
Gift Aid received	62	166

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 £35,160 during the year to Millfield. In addition, there were transactions made on an arm's length basis with two related parties during the year for services provided to Millfield: N Della Valle is a director of Della Valle Architects which charged the School £4,800 and Frances Dickens, is a director of Astus UK Ltd which charged the School £9,132.27. There have been 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 2020 £'000
<b>Income from:</b>				
Charitable Activities:				
-	3	39,820	-	39,820
-	4	2,921	-	2,921
Other Trading Activities:				
-		409	-	409
-		549	-	549
Investment Income	5	17	5	22
Donations and legacies	6	2,468	(723)	1,745
Other Income	7	104	-	104
<b>Total Income</b>		<u>46,288</u>	<u>(718)</u>	<u>45,570</u>
<b>Expenditure on:</b>				
Charitable Activities				
		(47,240)	-	(47,240)
Raising Funds:				
-		(1,150)	-	(1,150)
-		(503)	-	(503)
-		(142)	-	(142)
Finance and Other Costs		(719)	-	(719)
<b>Total Expenditure</b>	8	<u>(49,754)</u>	<u>-</u>	<u>(49,754)</u>
<b>Net (expenditure)</b>		<u>(3,466)</u>	<u>(718)</u>	<u>(4,184)</u>
<b>Transfer between funds</b>		19	(19)	
<b>Other recognised losses:</b>				
Re-measurement of the net defined benefit liability	22	124	-	124
<b>Net Movement in Funds</b>		<u>(3,323)</u>	<u>(737)</u>	<u>(4,060)</u>
Total Funds Brought Forward		<u>42,826</u>	<u>1,513</u>	<u>44,339</u>
<b>Total Funds Carried Forward</b>	19	<u>39,503</u>	<u>776</u>	<u>40,279</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 £NIL (2020: £180,000) and so this contingent liability ended on 31 August 2021.

**28. Capital**

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

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	<b>Chairman</b>		*					
Wim Bushell				*c			*c	
Richard Clark			*				*	
Nicola Della Valle				*				
Frances Dickens			*					
Stephen East		*c	*					
Richard Exley	<b>Deputy Chair</b>		*	*				
Tim Griffiths			*				*	*
Kate Griggs					*			
Claire Harvey	Appointed 19 March 2021				*			
Christopher Hirst				*	*c			
Andrew Jackson	Resigned 9 September 2020		*			*	*	
Chris Macdonald			*c					*
John Maudslay		*				*c		
Janet Mitchell					*			
Douglas Pinto		*				*		
Anabel Sexton	Resigned 24 March 2021				*			
Marc Simon		*						
Rosiji Soluade	Appointed 19 March 2021							
Robert Thornton	Resigned 29 September 2020			*	*c			
Richard Tovey		*			*			
Peter Warner		*			*			
Oliver Welsby		*			*			

\*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
Melissa Johnson	Finance Director of Millfield Schools
Shirley Shayler	Headmistress of Millfield Prep School (Resigned 31 August 2021)
Dan Thornburn	Headmaster of Millfield Prep School (Appointed 1 January 2022)

#### SECRETARY AND CLERK TO THE GOVERNORS

Rachel Summerhayes

**REGISTERED OFFICE**

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**SOLICITORS**

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