

Charity Registration No. 310637

Company Registration No. 00068471 (England and Wales)

**THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mrs T Leaver (Chair) Mrs K A Allner Mr T Bunbury Mr A Logan Dr F R Neale Mr S R Nicholls Mrs E Perkins Mrs G Rogers Mrs S Stokes Mr A Wilkinson	
<b>Charity number</b>	310637	
<b>Company number</b>	00068471	
<b>Registered office</b>	Shrubbery Road High Wycombe Buckinghamshire United Kingdom HP13 6PR	
<b>Auditor</b>	Azets Audit Services Suites B & D Burnham Yard Beaconsfield Buckinghamshire HP9 2JH	
<b>Bankers</b>	National Westminster Bank Plc Svenska Handelsbanken AB Barclays Bank Plc	
<b>Key executives</b>	Headmistress Director of Finance & Operations Clerk to the Governors	Ms Sophie Green BSc Econ (Hons), PGCE Mrs S North Mrs Gundula Ackermann
<b>Website</b>	<a href="http://www.godstowe.org">www.godstowe.org</a>	

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# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

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# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2021

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The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report and financial statements for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

### **Structure, Governance and Management**

#### ***Constitution and Objects***

The Godstowe Preparatory School Company Limited (the 'Company') was incorporated in 1900 as a company limited by shares, as defined by the Companies Act 2006, is registered in England and is registered with the Charity Commission. The Company is governed by its Articles of Association.

The Company's objects, as set out in its Articles of Association, are to advance the education of young girls and boys by the provision of schooling (including nursery schooling). In pursuance of these objects for the public benefit, the Company's sole business is the operation of Godstowe Preparatory School (the 'School'), incorporating a nursery, 'pre-prep' department and main school, and it has established and administers bursaries, scholarships and other benefactions and acts as trustee and manager of property and gifts given in pursuance of these objects.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Company should undertake.

#### ***School Objectives and Activities***

The School was established in 1900 with the principal objective of providing systematic education and training for young girls and boys so as to prepare them for subsequent education in public or other large schools. The School operates with boarding houses and a nursery as envisaged in the original objects. The School also holds lectures, exhibitions, public meetings and classes calculated to advance the cause of education, which is also in accordance with the objects of the School.

The School aims to provide a first-class education to girls from age 3 to 13 and boys from age 3 to 7. It seeks to provide a structured educational environment that develops pupils' capabilities, competences and skills and gives them the confidence to go on to senior schools and succeed. The School promotes the academic, moral and physical development of its pupils through the academic curriculum, pastoral care, sport and other activities. The School provides an educational environment where each student can develop and fulfil their potential, building their self-confidence and instilling a desire to contribute to the wider community.

The School is committed to safeguarding and promoting the welfare of pupils and expects all staff and volunteers to share this commitment. Appropriate policies and procedures are in place to support this aim and all activities across the School are judged against this objective.

#### ***Mission Statement***

The School's mission is to provide the necessary education and training to enable pupils to be confident, happy and successful with a love of learning, in an environment where they feel valued as they are prepared for the demands of the modern world. In doing so the School aims to promote the best opportunities for pupils by providing a challenging curriculum and a wide range of extra-curricular activities, together with a stimulating and enjoyable boarding experience.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### ***Governing Body***

The Board of Governors, or 'Council', is responsible for the overall management and control of the Company and the School. All members of Council are Trustees of the Charity, Directors of the Company and Governors of the School. Council meets at least three times per year. Currently Council has a General Purposes sub-committee which also meets three times a year and reports to Council. The purpose of this committee is to oversee all financial aspects of the School, working alongside the Director of Finance & Operations to ensure the School's short-term and long-term viability. Further committees are established when considered appropriate, for example, an Estates Committee to consider investment proposals in all their details, from financial through health and safety to logistics and a Revenue and Remuneration Committee to provide recommendations to Council on the annual review of staff remuneration and school fees.

The Trustees, who are also the Directors of the Company for the purposes of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs T Leaver (Chair)	
Mrs K A Allner	
Mr T Bunbury	
Mr A Logan	(appointed 24 November 2020)
Dr F R Neale	
Mr S R Nicholls	
Mrs E Perkins	(appointed 15 March 2022)
Mrs L A Poore	(resigned 6 September 2021)
Mrs G Rogers	(appointed 23 November 2021)
Mrs S Stokes	(appointed 24 November 2020)
Mr M J Tebbot	(resigned 24 November 2020)
Mr A Wilkinson	
Mrs S Young	(resigned 7 February 2022)

None of the Trustees has any beneficial interest in the Company. All of the Trustees are members of the Company and guarantee to contribute £1 in the event of a winding up.

### ***Organisational Management***

The day-to-day management of the School is delegated to the Headmistress, who is supported by the Director of Finance & Operations and other members of the senior management team. The Headmistress, the Director of Finance & Operations and the Clerk to the Governors attend Council and General Purposes sub-committee meetings.

### ***Recruitment and Training of Governors***

Governors are appointed by agreement at a full Council meeting. Suitable candidates for new governors are identified by existing Governors or key executives of the School followed by a formal recruitment process, with a recommendation presented to Council. New Governors are introduced to the workings of the School through an induction programme. The Council has periodic training up-date events.

### ***Employment Policy***

The Company is an equal opportunities employer. Full and fair consideration is given to job applications from disabled persons and due consideration is given to their training and employment needs. Consultation with employees has continued at all levels with the aim of taking the views of employees into account when decisions are made that are likely to affect their interests. Employees are made aware of the financial and economic performance of the Company.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2021*

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### **Public Benefit**

In setting objectives and planning, the Governors give careful consideration to the Charity Commission's guidance on public benefit.

The Company is a charity which seeks to benefit the public through the pursuit of its stated aims. Fees are set at a level to ensure the financial viability of the School and at a level that is consistent with Council's aim of providing a first-class education for the School's pupils. In setting the fees the Governors take into account future plans for the School, the current economic climate and the ability of parents to meet their financial commitments.

The School welcomes pupils from all backgrounds. The School is non-selective but aims to ensure that pupils can cope with the pace of learning and thus benefit from the education provided. An individual's economic status, ethnicity, race, religion or disability does not form part of the School's assessment process.

The Governors are committed to their policy with regard to allowing those who cannot afford the current fees, to gain access to the first-class education provided by the School. Council is determined not to dilute the quality of the education currently provided while still offering assisted places in defined circumstances. With this in mind, Council has put in place the provision of means tested bursaries (assisted places) for able children from families who are less well-off, and the bursaries granted in the current year were worth £139,460 (2020: £131,605). Further bursaries will be awarded for the academic year 2021/2022.

The School does not have endowments and in funding bursary awards the Governors are mindful that a balance must be struck between fee-paying parents, many of whom make considerable personal sacrifices to fund their children's education, and those benefiting from the awards. The Governors seek to maximise the number of bursaries awarded each year whilst remaining within the constraints both of the foregoing and being able to identify suitable beneficiaries.

### **Social Investments**

The School is part of the wider local community and the Governors are keen that staff and pupils participate in that community.

During the year, pupils raised thousands of pounds for various children's charities under the direction of a Charity Officer. The School regularly meets with the local church in High Wycombe to coordinate services held in town and at the School. The Governors have allowed the School to be used as an examination centre at no cost and the local community is allowed to use the School's facilities where appropriate. Wycombe District Swim Club have the use of the School's recently completed swimming pool complex when not in use by the School and the School is in discussion with local schools to determine whether the facilities can also be made available to them. The neighbourhood watch and local residents' association both use the School's premises on a regular basis at no charge. The School continues to co-operate with the local fire brigade by each year allowing a fire drill to be carried out by the fire brigade in one of the boarding houses.

Council is very aware that the security of pupils is of primary importance and thus the School is always careful fully to vet any outside use of the School's facilities.

Unfortunately, the ongoing impact of the COVID pandemic continued to limit the opportunities to make the School's facilities available to all these parties during the year, but these arrangements are being reinstated as Government guidance allows.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Strategy**

The Governors are responsible for setting a strategy for achieving the objectives they have set. The focus of the strategy is the development of the pupils and their continued high level of academic achievement. In taking forward the strategy, the Governors:

- review and benchmark the School's academic syllabus, teaching practices and academic results;
- ensure that the range of co-curricular activities available to our pupils is stimulating and challenging;
- invest in technology and the infrastructure of the School;
- co-operate and share resources with local schools; and
- continue to review and develop methods for awarding bursaries and scholarships to ensure wider access to pupils from all backgrounds.

### **Principal Risks and Uncertainties and Risk Management**

The COVID pandemic continues to create unprecedented economic uncertainty, both domestically and internationally. The School is sensitive to how this may affect our parents and has put in place measures to assist them in these circumstances. Developments in the pandemic and its impact on the School are kept under constant review and the Headmistress, together with other members of the Executive Leadership Team, liaise with key Governors to ensure compliance with Government guidelines and appropriate responses to the challenges faced. The Governors also continue to monitor the situation from a wider perspective to ensure that the School responds to challenges when they arise and that it remains financially viable.

Fluctuations in pupil numbers will always be a major risk to any school. Although pupil numbers are currently buoyant and there are waiting lists in some classes, the Governors and senior management are aware that this situation can change quickly, particularly in the current situation. In order to mitigate this risk, the School continues to investigate and take advantage of rental opportunities for the School's facilities. Any decision regarding rentals will ensure that Government guidelines are addressed and that the School remains COVID secure. Consideration is also given to the need to safeguard both the pupils and the School's assets. The Governors and senior management constantly strive to improve performance and facilities and with our five-year rolling development plan, is continuing to plan the future path of the School.

Health and safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks, most notably when away from School on trips and expeditions. The risks associated with all activities are minimised by thorough planning and risk assessments. The School has an annual health and safety audit carried out by the School's independent expert accompanied by a Governor responsible for reporting to the Board on health and safety matters. Also, an annual fire risk assessment is carried out by the School's professional fire advisers.

Council keeps the School's activities under review and monitors risks that arise from time-to-time. The key controls include:

- formal agendas for all Council and sub-committee meetings;
- comprehensive strategic planning, budgeting and management accounting;
- an established organisational structure and lines of reporting;
- formal written policies; and
- vetting procedures for the protection of children.

In addition, the Governors can establish additional sub-committees to deal with specific risks as they arise.

Through the risk management processes and controls established for the School, the Governors are satisfied that all major risks identified have been adequately managed. It is recognised, however, that such processes and controls can only provide reasonable but not absolute assurance that major risks have been adequately mitigated.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Future Plans**

The main focus for the future continues to be the regular review and updating of Council's strategic plan to determine the School's future requirements for both education and boarding and therefore a plan for the School estate to ensure all elements of it are fully utilised.

The plan also covers the School's IT provision. The School has coped well with the demands placed on its IT infrastructure and capability during the COVID pandemic, particularly the delivery of virtual schooling during periods of School full or partial closure. However, the Governors recognise the importance of keeping the School's IT provision up-to-date and fit for purpose, and that further investment could enhance the quality of the School's education provision in all respects. The strategic plan for IT remains under review in the light of recent events.

### **Review of Achievements and Performance for the Year**

The School has had another very successful year. Pupil numbers were 440 compared with 449 the year before, which given the uncertainty created by the pandemic, was considered to be encouraging. There are waiting lists for a number of classes and interest at open days was very strong.

22 scholarships, awards and distinctions were offered to pupils for their next schools and every pupil went to the school of their choice.

The continued uncertainty created by the COVID pandemic created challenges in ensuring that the School continued to provide the standard of education that parents expect in a COVID secure environment. Where necessary, as a result of national lockdowns or individual circumstances, a virtual school was made available, and every effort was made to replicate "live" School as closely as possible. Throughout the year, significant emphasis was placed on safeguarding in all environments whilst providing the pupils with appropriate pastoral support.

Once again, the efforts of all the staff across the School has been well received by the parents.

Opportunities for cost savings during the second national lockdown were fewer than during the first lockdown due to a number of factors. The statutory Critical Worker School ran with more than 50 children and the Virtual School ran very comprehensively as the School adapted the provision to provide a more "normal" school day with live teaching in more subjects, whilst remaining conscious of the appropriate amount of screen time for each pupil. The Government's decision to keep nurseries open meant that the School offered both live and virtual nursery provision in tandem. Additionally, ensuring a COVID secure environment created additional costs of over £150,000. The result of all these factors was that over the course of the second lockdown any savings achieved were offset by additional costs. Accordingly, the reduction in fees offered to parents was reduced from that offered during the first lockdown.

Due to the uncertainty created by the COVID pandemic, Council remained cautious when determining capital expenditure plans. Major expenditure during the year related to completion of the refurbishment of the Highlands House tower and refurbishment of the staff room. The kitchen and dining areas have also been modernised, with the project funded through an arrangement with the School's caterers.

The wider investment plan for the future is being kept under review and decisions will be made dependent on needs and the financial strength of the School.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Financial review**

#### **Results for the Year**

The net income for the year was £63,407 compared with net expenditure of £44,168 in the previous year. Despite this modest improvement, the impact from the COVID pandemic, in the form of reductions in fees for the spring term, additional costs and reductions in the opportunities for letting and other income, continued to result in a lower level of surplus than recorded in recent years. Nevertheless, the School's cash position continued to be strong with cash generation from operations of £666,558 (2020: £690,672) and year-end cash balances recovering to £2,141,185 (2020: £1,783,220). As in the previous year, this reflects careful cash management, cost control and the postponement of major capital project expenditure.

The creation of cash surpluses from operating activities are an essential part of the long-term plans for the improvement of the School to ensure it remains the school of first choice in the area. A school of this age will always require continuing maintenance to meet the demands of modern technology and society. The Governors' focus is the return of the School to a stronger net income position as soon as possible, but it is recognised that this is to a large extent dependent on the return to a full year of more normal School operating conditions as the day-to-day impact of the COVID pandemic wanes.

#### **Fundraising**

Donations totalling £21,920 were received during the year compared with £29,949 in the previous year. 'Friends of Godstowe' (the parental charitable organisation) continues to play an invaluable role in raising funds for the School and the Governors are extremely appreciative of their efforts and the generosity of everyone who has contributed. These donations allow the School to bring forward plans and complete them earlier than would otherwise have been possible, or provide 'icing on the cake' items that are not considered essential but further enhance the children's experiences.

#### **Investment Policies**

The School does not have any external investments, but in line with our policy of diversifying financial risk the School divides its cash deposits between its principal bankers. The Governors continue to keep this policy under careful review.

#### **Reserve Levels and Policy**

The Governors are mindful that the School does not have endowments and that the current economic climate makes the future somewhat uncertain.

The running costs of the School continue to rise, and the financial dynamics of its operations make the School heavily dependent on pupil numbers and fee levels. With this in mind, the Governors need to ensure that the level of reserves is adequate to maintain the running expenses of the School and to allow for future capital projects.

At the end of the year, the Company had total reserves of £9,998,598 (2020: £9,935,191) and unrestricted reserves of £9,250,623 (2020: £9,181,166). After adjusting for unrestricted functional fixed assets for the Company's own use, there were no remaining free reserves (2020: £nil). It remains the intention of the Governors to improve the free reserves position as soon as possible, but it is recognised that, with the continuing uncertainty created by the COVID pandemic and the economic conditions and the incidence of unavoidable estate management projects, this may not be achievable in the short term.

It is the policy of the Company that its cash balances and access to additional liquidity should be maintained at a level equivalent to between three and six month's expenditure and significant management attention is given to forecasting and monitoring cash levels for this purpose. The Governors consider that maintaining cash reserves at this level will ensure that, in the event of a significant drop in cash generation from operations, they will be able to continue the School's current activities while consideration is given to ways in which additional funds may be raised. This level of cash reserves has been maintained throughout the year with no requirement to call on the Company's revolving credit facility with its bankers. This facility, which expired at the end of the year, has been replaced by a one year overdraft facility of the same amount.

### **Auditor**

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# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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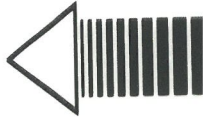
In accordance with the Company's Articles of Association, a resolution proposing that Azets Audit Services be reappointed as auditor of the Company will be put at a General Meeting.

The Trustees' report, including the strategic report, was approved by the Board of Trustees.

*Tara Leaver.*

**Mrs T Leaver (Chair)**  
Chair of Trustees

Dated: *15<sup>th</sup> March 2022*



# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

*FOR THE YEAR ENDED 31 AUGUST 2021*

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The Trustees, who are also the directors of The Godstowe Preparatory School Company Limited for the purpose of company law, are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

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

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

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#### Opinion

We have audited the financial statements of The Godstowe Preparatory School Company Limited (the 'Company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 Company's affairs as at 31 August 2021 and of its incoming resources and application of resources, 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 Company 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 Company'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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

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#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Company for the purpose 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, they are responsible for assessing the 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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Christopher Nisbet*

Christopher Nisbet BA(Hons) FCA (Senior Statutory Auditor)  
for and on behalf of Azets Audit Services

21/03/2022  
.....

Chartered Accountants  
Statutory Auditor

Suites B & D  
Burnham Yard  
Beaconsfield  
Bucks  
HP9 2JH

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<b><u>Income and endowments from:</u></b>							
Donations and legacies	3	920	21,000	21,920	29,949	-	29,949
Charitable activities	4	6,900,186	-	6,900,186	6,353,355	-	6,353,355
Investments	5	634	-	634	6,360	-	6,360
Other income	6	49,301	-	49,301	153,768	-	153,768
<b>Total income</b>		<b>6,951,041</b>	<b>21,000</b>	<b>6,972,041</b>	<b>6,543,432</b>	<b>-</b>	<b>6,543,432</b>
<b><u>Expenditure on:</u></b>							
Charitable activities	7	6,881,584	27,050	6,908,634	6,559,549	28,051	6,587,600
<b>Net income/(expenditure) for the year/</b>							
<b>Net movement in funds</b>		<b>69,457</b>	<b>(6,050)</b>	<b>63,407</b>	<b>(16,117)</b>	<b>(28,051)</b>	<b>(44,168)</b>
Fund balances at 1 September 2020		9,181,166	754,025	9,935,191	9,197,283	782,076	9,979,359
<b>Fund balances at 31 August 2021</b>		<b>9,250,623</b>	<b>747,975</b>	<b>9,998,598</b>	<b>9,181,166</b>	<b>754,025</b>	<b>9,935,191</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2021

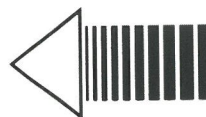
	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10	10,683,933		11,008,389	
Investments	11		4		4
			<u>10,683,937</u>		<u>11,008,393</u>
<b>Current assets</b>					
Debtors	12	1,785,900		171,714	
Cash at bank and in hand		2,141,185		1,783,220	
			<u>3,927,085</u>		<u>1,954,934</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,475,603)</u>		<u>(1,855,027)</u>	
Net current assets			<u>451,482</u>		<u>99,907</u>
<b>Total assets less current liabilities</b>			<u>11,135,419</u>		<u>11,108,300</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(1,136,821)</u>		<u>(1,173,109)</u>
<b>Net assets</b>			<u><u>9,998,598</u></u>		<u><u>9,935,191</u></u>
<b>Income funds</b>					
Restricted funds			747,975		754,025
Unrestricted funds			9,250,623		9,181,166
			<u>9,998,598</u>		<u>9,935,191</u>

The financial statements were approved by the Trustees on 15<sup>th</sup> March 2022

*Tara Leaver*

Mrs T Leaver (Chair)  
Trustee

Company Registration No. 00068471



# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

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	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	19		666,558		690,672
<b>Investing activities</b>					
Purchase of tangible fixed assets		(302,111)		(697,892)	
Interest received		634		6,360	
<b>Net cash used in investing activities</b>			(301,477)		(691,532)
<b>Financing activities</b>					
Repayment of borrowings		(43,991)		(40,549)	
Increase in deposits		36,875		27,782	
<b>Net cash used in financing activities</b>			(7,116)		(12,767)
<b>Net increase/(decrease) in cash and cash equivalents</b>			357,965		(13,627)
Cash and cash equivalents at beginning of year			1,783,220		1,796,847
<b>Cash and cash equivalents at end of year</b>			2,141,185		1,783,220

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# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

#### Company information

The Godstowe Preparatory School Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Shrubbery Road, High Wycombe, Buckinghamshire, HP13 6PR, United Kingdom.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019). The Company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### 1.4 Income

Income is recognised when the Company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Company to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided on all fixed assets other than freehold land and is recognised so as to write off the cost of the fixed assets less their residual values on a straight line basis using the following estimated useful economic lives:

Freehold buildings	50 years
Fixtures and fittings	5 - 20 years
Motor vehicles	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/expenditure for the year. Transaction costs are expensed as incurred.

#### 1.8 Impairment of fixed assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Company also contributes to the Teachers' Pension Scheme at rates set by the Scheme Actuary and advised to the Company 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 Company. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme.

### 2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 3 Donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Donations and gifts	920	21,000	21,920	29,949	-	29,949

### 4 Charitable activities

	Charitable Income 2021 £	Charitable Income 2020 £
Fees receivable from tuition and boarding	6,846,378	6,325,545
Charitable rental income	53,808	27,810
	<u>6,900,186</u>	<u>6,353,355</u>

### 5 Investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Deposit account interest	634	6,360

### 6 Other income

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Job retention scheme	49,301	153,768

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 7 Charitable activities

	Charitable Expenditure 2021 £	Charitable Expenditure 2020 £
Wages and salaries	4,675,555	4,481,085
Teaching costs	199,322	174,693
Support service costs	1,090,147	1,096,919
Management and admin costs	247,248	211,050
Depreciation and impairment	626,567	600,425
Bank charges and interest	37,794	40,138
Bad debts	32,001	(16,710)
	<u>6,908,634</u>	<u>6,587,600</u>
<b>Analysis by fund</b>		
Unrestricted funds	6,881,584	6,559,549
Restricted funds	27,050	28,051
	<u>6,908,634</u>	<u>6,587,600</u>

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 8 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Teachers - Full time	41	36
Teachers - Part time	13	19
Admin - Full time	44	43
Admin - Part time	28	28
	<u>126</u>	<u>126</u>

#### Employment costs

	2021 £	2020 £
Wages and salaries	3,710,498	3,570,451
Social security costs	363,835	345,857
Other pension costs	601,222	564,777
	<u>4,675,555</u>	<u>4,481,085</u>

The number of employees whose annual remuneration, excluding social security and pension contributions, was £60,000 or more were:

	2021 Number	2020 Number
£60,000 - £70,000	2	1
£70,001 - £80,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	1	1
	<u>5</u>	<u>4</u>

### 9 Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits paid for by the Company for the year ended 31 August 2021 nor for the year ended 31 August 2020.

There were no trustees' expenses paid for by the Company for the year ended 31 August 2021 nor for the year ended 31 August 2020.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Tangible fixed assets

	Freehold buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 September 2020	14,127,808	2,325,238	30,711	16,483,757
Additions	226,063	76,048	-	302,111
Transfers	(1,658,951)	1,658,951	-	-
At 31 August 2021	12,694,920	4,060,237	30,711	16,785,868
<b>Depreciation and impairment</b>				
At 1 September 2020	3,778,173	1,666,484	30,711	5,475,368
Depreciation charged in the year	373,038	253,529	-	626,567
Transfers	(179,242)	179,242	-	-
At 31 August 2021	3,971,969	2,099,255	30,711	6,101,935
<b>Carrying amount</b>				
At 31 August 2021	8,722,951	1,960,982	-	10,683,933
At 31 August 2020	10,349,635	658,754	-	11,008,389

The transfers between freehold land and buildings and fixtures and fittings shown above relate to a reassessment of the fixed plant and equipment included in the swimming pool complex which was completed in the year ended 31 August 2019. The total cost of the swimming pool complex, including such plant and equipment, was previously all shown within freehold land and buildings.

### 11 Fixed asset investments

	Other investments £
<b>Cost or valuation</b>	
At 1 September 2020 & 31 August 2021	4
<b>Carrying amount</b>	
At 31 August 2021	4
At 31 August 2020	4

Fixed asset investments at the balance sheet date comprise the entire ordinary share capital of the Company's two dormant subsidiaries, High Wycombe Music Activities Limited and Godstowe Developments Limited.

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors (see below)	1,609,799	1,866
Other debtors	45,815	57,652
Prepayments and accrued income	130,286	112,196
	<u>1,785,900</u>	<u>171,714</u>

School fees for the Autumn Term following the year end are raised and issued prior to the year end. Following changes made to the Company's accounting systems, such fees are shown as trade debtors in the Balance Sheet to the extent they are unsettled at the year end, notwithstanding that they are not due and payable until the beginning of the term. The income arising from such fees is not recorded in the Income and Expenditure account until the following year, in accordance with the Company's income recognition policy, but is shown in the Balance Sheet at the year-end as deferred income. This represents a change from the prior year, where such fees were not recorded as trade debtors until the following year and any amounts received in settlement prior to the year-end were treated as fees received in advance.

### 13 Loans and deposits

	2021	2020
	£	£
Bank loans - due in 1 year	44,940	41,910
Bank loans - 1-2 years	45,673	42,860
Bank loans - 2-5 years	141,542	134,500
Bank loans - over 5 years	638,418	695,294
	<u>870,573</u>	<u>914,564</u>
Deposits - due in 1 year	130,539	104,397
Deposits - 1-2 years	39,743	48,965
Deposits - 2-5 years	155,951	143,365
Deposits - over 5 years	115,494	108,125
	<u>441,727</u>	<u>404,852</u>
Bank Loans	870,573	914,564
Deposits	441,727	404,852
	<u>1,312,300</u>	<u>1,319,416</u>
Payable within one year	175,479	146,307
Payable after one year	1,136,821	1,173,109
	<u>1,312,300</u>	<u>1,319,416</u>

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 13 Loans and deposits

(Continued)

#### Secured debts

On 8 August 2018, the Company entered into a 20 year term loan with National Westminster Bank Plc which is secured by a charge on certain freehold land and buildings. At 31 August 2021, £870,573 was still outstanding on this loan (2020: £914,564).

On 14 September 2021, the Company entered into a one year, £1 million overdraft facility with National Westminster Bank Plc which is secured by a charge over certain freehold land and buildings. This facility replaced the previous revolving credit facility which expired, undrawn, on 31 August 2021.

### 14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		167,818	227,690
Bank loans	13	44,940	41,910
Other taxation and social security		92,767	85,114
Fees received in advance (see Note 12)		313,005	1,303,228
Deposits	13	130,539	104,397
Other creditors		81,105	82,688
Accruals		147,130	10,000
Deferred income (see Note 12)		2,498,299	-
		<u>3,475,603</u>	<u>1,855,027</u>

### 15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	13	825,633	872,654
Deposits	13	311,188	300,455
		<u>1,136,821</u>	<u>1,173,109</u>

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 16 Analysis of net assets between funds

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £	Total 2020 £
Fund balances at 31 August 2021 are represented by:				
Tangible assets	9,956,958	726,975	10,683,933	11,008,389
Investments	4	-	4	4
Current assets	430,482	21,000	451,482	99,907
Long term liabilities	(1,136,821)	-	(1,136,821)	(1,173,109)
	<u>9,250,623</u>	<u>747,975</u>	<u>9,998,598</u>	<u>9,935,191</u>

Restricted Funds represent donations received for specific tangible fixed assets less accumulated depreciation in respect of those fixed assets, together with unexpended donations received for specific future capital and non-capital expenditure.

### 17 Related party transactions

During the year ended 31 August 2021, the following payments were made for services provided to the Company:

- £1,105 to Mr D Ellis, son of Ms L Ellis, previous Finance Director
- £795 to Mr J Stobbs, son of Ms S Green, Headmistress
- £588 to Mr T Nicholls, son of Mr S Nicholls, Governor

All these transactions were approved by the Trustees and were conducted at market rates.

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>584,794</u>	<u>548,722</u>

### 18 Operating lease commitments

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	27,027	38,501
Between two and five years	49,902	60,455
	<u>76,929</u>	<u>98,956</u>

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 19 Cash generated from operations

	2021 £	2020 £
Surplus/(deficit) for the year	63,407	(44,168)
Adjustments for:		
Investment income recognised in statement of financial activities	(634)	(6,360)
Depreciation and impairment of tangible fixed assets	626,567	600,425
Movements in working capital:		
(Increase)/decrease in debtors	(1,614,186)	512
Increase in creditors	1,591,404	140,263
<b>Cash generated from operations</b>	<u>666,558</u>	<u>690,672</u>

#### 20 Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	1,783,220	357,965	2,141,185
Loans falling due within one year	(41,910)	(3,030)	(44,940)
Loans falling due after more than one year	(872,654)	47,021	(825,633)
	<u>868,656</u>	<u>401,956</u>	<u>1,270,612</u>

# THE GODSTOWE PREPARATORY SCHOOL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 21 Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff and contributes to defined contribution schemes for certain employees, including a stakeholder pension scheme.

The pension cost charge represents contributions payable to the TPS and defined contribution schemes and amounted to £534,794 (2020: £524,732) for the TPS and £66,428 (2020: £40,045) for defined contribution schemes. At the year-end £72,889 (2020: £69,415) was accrued in respect of contributions to the schemes.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions 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 an employer contribution rate for the TPS of 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 required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including Teachers' Pensions.

On 27 June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgement 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 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.

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 that actuarial valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal, 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.