

Trustees' report

For the year ended 31 August 2020

Stowe School Limited

(Limited by Guarantee)

Financial statements 31 August 2020

together with Trustees' and Auditor's reports

Registered number: 187251

Charity number: 310639

Trustees' report (continued)

For the year ended 31 August 2020

Directors

Simon Charles Creedy Smith BA, FCA

The Reverend Canon Peter Michael Ackroyd MA, MBA, MA, PhD

Jonathan Michael Arundell Bewes BA, FCA

Patrick Bradshaw BA

Her Honour Judge Rebecca Brown BA

Julie Christine Brunskill

Elizabeth de Burgh Sidley BA, FRICS

David Watson Cheyne MA (Cantab)

Rupert Fordham BA (Cantab)

John Philip Cardain Frost BSc, MRICS

Professor Guy Goodwin FMed Sci

Richard Greaves BA

Joanne Elizabeth Hastie-Smith

Sunjeewa Jayawardena BSc, MBA

Andrea Karen Johnson BSc, PGCE

Mairi Johnstone LLB, DipLP, BSc, MBA, GradCG

Catriona Helen Lloyd MA (Cantab)

Alexander Muirhead

Elizabeth Philips OBE, BA, MA, AKC

Andrew Reekes MA, MReS

Vanessa Stanley BSc (Eng) ACGI, M Ed

Lady Stringer BSc, MB, BS, LRCP, MRCS

Christopher John Tate BA, MIMC

Company Secretary

Michael Porter BA, MSc

Registered and Principal office

Stowe School

Stowe

Buckingham

MK18 5EH

Independent Auditors

Saffery Champness LLP

71 Queen Victoria Street

London

EC4V 4BE

Bankers

Barclays Bank Plc

Wytham Court

11 West Way

Oxford OX2 0JB

Trustees' report (continued)

For the year ended 31 August 2020

Financial Statements

The Directors, who are also referred to as Governors and are also Charity Trustees as defined in the Charities Act 2011, present their annual report and audited financial statements for the year ended 31 August 2020.

The financial statements comply with the Companies Act 2006, Charities Act 2011, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Trustees' Report, including 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 Directors 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 of the incoming resources and application of resources, including the income and expenditure of the charitable company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The company is limited by guarantee and governed by the provisions in the Articles of Association adopted by Special Resolution on 6 October 2020; these replaced the Memorandum and Articles of Association, dated 20 January 1923 (as altered by Special Resolution on 25 September 1951). Each of the seven Members has undertaken to contribute an amount not exceeding £1 (one pound) towards the assets of the company in the event of the same being wound up and the assets being insufficient to cover the company's debts and liabilities.

Trustees' report (continued)

For the year ended 31 August 2020

Stowe School Limited is a member of the Allied Schools group of independent schools, all of which were founded by the Martyrs' Memorial and Church of England Trust (MMT). On 26 September 2013, the Allied Schools signed a new Management Agreement with MMT by which the members of the group agreed to the appointment of the Allied Schools Agency Limited to oversee the performance of the schools and to monitor their adherence to the foundational religious principles on behalf of MMT.

Charitable Status

The company, also referred to as Stowe School, is a registered charity with registered charity number 310639.

Governing Body

The Directors constitute the Governing Body and are elected by the Governing Body, except that two Directors are nominated by the MMT if the total does not exceed twelve, three if the number exceeds twelve but does not exceed eighteen and four if the number exceeds eighteen. The Directors nominated by the MMT are The Reverend Peter Ackroyd, Mr Bewes, Mrs Hastie-Smith and Mrs Johnstone.

The Directors of the company serving since 1 September 2019 were as follows:

Simon Charles Creedy Smith BA, FCA
The Reverend Canon Peter Michael Ackroyd MA, MBA, MA, PhD
Jonathan Michael Arundell Bewes BA, FCA
Patrick Bradshaw BA (appointed 5 January 2021)
Her Honour Judge Rebecca Brown BA (appointed 5 January 2021)
Julie Christine Brunskill
Elizabeth de Burgh Sidley BA, FRICS
Admiral Sir James Michael Burnell-Nugent KCB, CBE, MA (Cantab) (resigned 13 March 2020)
David Watson Cheyne MA (Cantab)
Juliet Ursula Colman BA (Hons), DIP ARCH RIBA (resigned 7 December 2019)
Rupert Fordham BA (Cantab) (appointed 5 January 2021)
John Philip Cardain Frost BSc MRICS
Professor Guy Goodwin FMedSci
Richard Greaves BA (appointed 5 January 2021)
Joanne Elizabeth Hastie-Smith
Sunjeewa Jayawardena BSc, MBA (appointed 5 January 2021)
Mairi Johnstone LLB, DipLP, BSc, MBA, GradCG (appointed 23 February 2021)
Andrea Karen Johnson BSc, PGCE
Catriona Helen Lloyd MA (Cantab)
Alexander Muirhead (appointed 5 January 2021)
Elizabeth Philips OBE, BA, MA, AKC
Andrew Reekes MA, MReS (appointed 5 December 2020)
Vanessa Stanley BSc (Eng) ACGI, M Ed
Lady Stringer BSc, MB, BS, LRCP, MRCS
Christopher John Tate BA, MIMC

In accordance with the Articles of Association, Rev. Ackroyd, Ms J Brunskill, Mr D Cheyne, Mr S Creedy Smith, Mrs A Johnson, Mrs V Stanley and Lady J Stringer retire by rotation and being eligible offer themselves for re-election.

Trustees' report (continued)

For the year ended 31 August 2020

Induction and Training of Directors

When new Directors are appointed, care is taken to ensure that the appropriate skills and experience relevant to the Governing Body are represented. Each new Director is provided with an information pack and a list of relevant training courses, some of which they are expected to attend. They are inducted into the workings of Stowe School Limited through a visit programme, discussion and an introductory pack. All Directors receive information on governor training update courses.

Governance

The Directors are responsible for the overall management and control of Stowe School Limited and meet three times a year. The work of implementing most of their policies is carried out by committees appointed by the Directors for that purpose (Executive; Education; Estates; Finance; Nomination & Remuneration), which usually meet in the weeks preceding meetings of the full Governing Body. These committees perform detailed reviews within their areas of responsibility. The day to day running of Stowe School Limited is delegated to the Head and the Executive Leadership Team (ELT), who are considered the key management personnel of the charity.

Head	Dr A K Wallersteiner MA (Cantab), PhD
Senior Deputy Head	Mark Wellington BSc
Deputy Head Pastoral	Liam Copley BA, MEd
Deputy Head Academic	Dr Julie Potter BA (Oxon), MPhil, PhD
Designated Safeguarding Lead (DSL)	Michael Rickner BA, MSc (Oxon)
Finance	Mark Greaves BA, ACA
Operations & Estates	Mark Kerrigan
Strategic Development & Fundraising	Colin Dudgeon BA (Oxon)
Marketing and Admissions	Tori Roddy BSc, MSc

The Head and members of the ELT attend meetings of the above committees, as appropriate. From September 2019 Mark Wellington was appointed Senior Deputy Head and in April 2020 Michael Rickner was appointed DSL, as a result of Crispin Robinson retiring at the end of the year. The Deputy Head Pastoral role was reassigned to Liam Copley in April 2020.

With the formation of the Stowe group (see below), Emma Goldsmith and Jane Thorpe, Heads of Winchester House School and Swanbourne House School respectively, now attend as members of ELT. Two additional committees, Admissions & Marketing and Prep Schools, have now been established.

Key Management Personnel Remuneration

The pay of the Head is reviewed annually by the Nomination & Remuneration Committee. The pay of the remaining members of the ELT is reviewed annually by the Head. Pay is subject to performance and market forces, using a performance and pay matrix.

All Directors give freely of their time and no Director remuneration was paid in the year. Details of Directors' expenses and related party transactions are disclosed in the financial statements.

Directors are required to disclose all relevant interests in accordance with our policy and withdraw from decisions where a conflict of interest arises.

The Stowe Group of Schools

On 2 November 2020, the formation of the Stowe group of schools was announced. On 5 January 2021, the mergers of Swanbourne House School and Winchester House School with Stowe was completed. Stowe has taken on all the assets and liabilities of both preparatory schools. Both schools have a long tradition of sending pupils to Stowe. The Stowe group of schools now offers an educational pathway for over 1,400 children from 3-18 years old. It will allow member schools to benefit from a wealth of shared expertise and will enable both schools to benefit from the many facilities and

Trustees' report (continued)

For the year ended 31 August 2020

opportunities that Stowe provides. It will also provide opportunities for sharing strategic leadership, resources for professional development and

ideas as well as delivering cost efficiencies across the Group. Six new Governors, three from each preparatory school, have been appointed to the Governing Body.

Group Structure and Relationships

Stowe School Limited now comprises the assets and liabilities of all three schools in one charitable body with one set of Governors. These financial statements are the accounts for the School only and not for the Group.

Stowe School Limited has a wholly owned non charitable trading subsidiary, Stowe Enterprises Limited, which operates the School shop and makes available the facilities of the School to the public and various organisations for events, educational and leisure purposes. Stowe Enterprises Limited now owns the trading subsidiary of Winchester House School and will operate across the Stowe group of schools.

Stowe School Limited, in conjunction with its partners on the Stowe site, being The National Trust and The Stowe House Preservation Trust Limited, assists in the restoration of Stowe (Stowe House and Stowe Landscape Garden) and the improvement of the visitor experience. Stowe House is open to the public on over 200 days in a normal year.

Stowe School Limited works closely with The Stowe School Foundation (SSF), a separate charity. The Trustees of SSF can apply the capital and income of the trust, both for the provision of educational resource and facilities at the School and for scholarships and bursaries, as well as the provision of any other financial support to Stowe School Limited as the Trustees may from time to time decide. SSF has three ex officio Trustees, between two and six nominated Trustees, appointed by Stowe School Limited, and up to four co-opted Trustees appointed by the Trustees.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charity's objects and aims

The primary objects of the charity as set out in its Articles of Association is to provide education in accordance with the Protestant principles of the Church of England. The main aim of the charity is to provide public benefit through the use of the Stowe group of schools for the provision of education (which includes an understanding of culture and heritage) to its pupils.

To achieve this aim the charity seeks to maintain the Stowe group of schools' reputation as a centre of excellence in education, culture and heritage at a local, regional and national level by:

- maintaining and promoting the Stowe group of schools as one of Britain's best, national co-educational boarding schools for fee-paying and supported pupils, offering a combination of high academic standards and outstanding pastoral care, with first class facilities and infrastructure that provide an efficient and cost effective education;
- delivering a rich provision in sport, music, art, drama and other activities in an inspiring, sustainable environment; and
- working in partnership with The National Trust and The Stowe House Preservation Trust to make the internationally significant Stowe landscaped Gardens and Mansion accessible to members of the public, as a means of widening access and sharing the heritage and history of Stowe with a diverse audience, which in turn contributes to achieving the charity's primary object of education.

The Directors have referred to the guidance contained in the Charity Commission's general guidance on public benefit, and in particular to its supplementary public benefit guidance on advancing education, when reviewing the future aims and objectives.

Trustees' report (continued)

For the year ended 31 August 2020

Strategies and objectives for the year

The main strategies and objectives for the School to achieve the aims have included:

Strategies for Education

- Promote a supportive, secure and nurturing environment which places a high premium on the emotional, physical and mental well-being of each and every Stoic by providing the highest standards of pastoral care and a culture of responsibility, tolerance, attachment and inclusiveness with equality of opportunity for all.
- Promote the highest standards of teaching in the curriculum as well as fostering curiosity, love of subject, wider reading, creativity, intellectual risk-taking and the pursuit of individual or specialised talents in the belief that all pupils have the capacity to respond to and benefit from greater stretching and higher expectations.
- Steady recruitment to maintain a full school with a pupil roll of up to 900 pupils with applications exceeding capacity and an appropriate balance between UK and overseas students, whilst safeguarding Stowe as a co-educational, predominantly boarding school.

Main objectives for the year

- 2020 targets for A2: 70% A*B grades; for GCSE: 40% 9-7 or A*A grades.
- Developing the theme of the Learning Power Approach to maintain the School's reputation for innovation by building on previous themes such as Growth Mindset, Marginal Gains and Effective Teaching and Learning. The School emphasises character virtues such as grit, resilience, determination and perseverance.

Strategies for Sport, Music, Art and Drama

- Provide a rich diet of cultural activities for Stoics that mixes classroom and academic achievement with personal cultural development through sport, music, art and drama supported by a wide range of activities such as concerts, plays, exhibitions, lectures, trips and weekend activities.
- Promote the belief that ability comes in many forms and that Stoics need to be supported to discover and enjoy success no matter where their talents lie.

Main objectives for the year

- Maintaining a wide variety of sport, music, art and drama available to all.
- Developing a cultural programme to attract pupils to drama and musical productions, in support of the curriculum.

Strategies for Heritage and Restoration

- Participate, through an effective partnership with The National Trust and The Stowe House Preservation Trust, in the heritage restoration of Stowe while protecting the interests of the School.

Main objectives for the year

- Working with The Stowe House Preservation Trust to plan the restoration of the State Dining Room.
- Preparing a replacement golf course to allow The National Trust to restore the Western Garden to its 18th Century condition.

Trustees' report (continued)

For the year ended 31 August 2020

Strategies for Public Benefit

The following strategies are designed to ensure that Public Benefit remains intrinsic to all of the Charity's activities:

- Promote scholarships and bursaries to allow access for pupils from all backgrounds.
- Promote participation with State Schools.
- Provide access to Stowe's heritage, in partnership with The National Trust and The Stowe House Preservation Trust.
- Promote good citizenship through participation in external activities and initiatives.
- Provide access to school facilities to the local community.
- Provide access for the public to music, art, sport, drama and science activities at Stowe.

Main objectives for the year

- Progressing educational initiatives with Silverstone UTC, local State Schools and the University of Buckingham.
- Promoting participation in Service@Stowe, CCF, Duke of Edinburgh Award scheme and 'green team'.
- Providing high level bursaries to deserving applicants who would otherwise not be able to attend Stowe.

Strategies for Fundraising

- Build and sustain the Campaign for Stowe to generate funds each year to augment operating surpluses and to enable the steady implementation of the Development Plan.

Main objectives for the year

- Generating, through the Campaign for Stowe, funds of a minimum of £2 million per annum towards bursaries and scholarships; planning future fundraising initiatives in the areas of Design, Technology and Engineering and Sport.
- The launch of Change 100 – Stowe's ambitious mission to change the lives of talented and deserving children, whose world can be transformed through an education at Stowe.

The remainder of the Trustees' Report also constitutes the Strategic Report for the purposes of the Companies Act 2006.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The principal activity of the company continued to be the provision of education in a boarding and day school for pupils aged 13 to 18. This academic year the School averaged 821 (2019: 803) pupils.

The year ended 31 August 2020 was heavily influenced by COVID-19 resulting in the closure of the School during the summer term and the implementation of the successful Stowe Distance Learning programme at short notice. The influence of the pandemic and the impact on the activities permitted at the School affected the attainment of many of the annual objectives. The financial results of the School were impacted negatively by the decision to reduce the summer term boarding fees by 53% and positively by the provision of the Government's Furlough Scheme and the reduction of costs and capital expenditure in the year.

Trustees' report (continued)

For the year ended 31 August 2020

Public Benefit

Scholarships and bursaries are promoted in recruitment literature, on the School's website and through advertising. Scholarships at the School are awarded at entry at 13+ and 16+ for academic, musical, artistic, sporting or all round merit.

Scholarships at the School are awarded with a fixed remission of fees of between 5% and 25%. Scholarships may be supplemented by means tested bursaries.

Bursaries are awarded on the basis of financial need and principally to those pupils who for financial reasons might not be able to come to Stowe or who might not be able to remain at Stowe to complete their education. Bursary awards are made on the basis of full financial disclosure and are reviewable annually. At least two fully funded places are available each year, subject to financial need - during 2020 there were 6 (2019: 3) fully funded places.

Community programmes operated by staff and pupils are encouraged, with emphasis on the elderly and disabled and on widening support to local schools and the local community. Pupils undertake a variety of fund raising activities for specific charities and good causes. During the year pupils and staff raised some £14,491 towards various charities, including Blythwood School (Romania) and Street Child. Other amounts were raised during lockdown by the pupils themselves for a variety of deserving causes.

During the year Service@Stowe continued successfully until lockdown in March 2020, with Stoics undertaking a variety of services, including Duke of Edinburgh, First Aid Training, green projects, paper recycling and other community services, which included a Christmas party for senior citizens. The School continued to support the local community, including invitations to drama and music productions, and local community groups were invited to host events in the Roxburgh Hall and Uglund Auditorium. No repetition of 'Service in Action', two days of community service, was possible this year as a result of the pandemic. Pupils were encouraged to participate actively in local initiatives in their own home communities.

The School's partnership with Silverstone UTC, announced in July 2017, continues to flourish and to provide enhanced educational and co-curricular opportunities for pupils at both educational establishments. The partnership is intended to demonstrate the best that can be achieved by independent and state schools working together. The partnership involves reciprocal governor arrangements, teaching and sharing best practice and facilities.

The School hosted the fifth StoweEd conference, attended by both state and independent schools. The School also hosted joint events with other local schools in the areas of music and sport. The School has supported local schools on various educational matters during the year, including inviting them to talks, workshops and theatre performances, and a number of the School's senior staff serve as governors. A number of Stowe teaching staff undertook interview practice with state school A level pupils preparing for Oxbridge.

The Head continues to chair Street Child. The Charity works in conflict and post-conflict countries and has helped over 200,000 children to attend schools.

The School invited local clubs to use its sports facilities and equipment at subsidised rates and encouraged staff to coach sport in the community. Local amateur groups had subsidised access to the Roxburgh Theatre and The Uglund Auditorium.

Stowe House attracts the wider and local community to enjoy its heritage, through being open to the public for weddings, corporate, commercial and charitable events, although no such events were allowed to take place over the summer and Stowe House remained closed for the summer because of the pandemic.

Fee Support

Stowe School Limited, together with SSF and other outside Trusts, supported 230 (2019: 220) pupils, through the provision of scholarships and bursaries during the year.

Trustees' report (continued)

For the year ended 31 August 2020

The School and SSF allocated £1,930,763 (2019: £1,930,859) being 7.9% (2019: 6.8%) of fee income, to scholarships and bursaries. Included in this total are means-tested bursaries awarded in addition to scholarships, which allow access for pupils from all backgrounds, with 84 (2019: 79) pupils receiving such awards. 6 (2019: 3) of these benefited from a full remission of fees. External trusts also provided funds of £33,489 (2019: £24,208) towards individual pupils' fees.

Education

Academic Standards

This summer's A Level results saw Stoics achieving 77% A*B grades (2019: 68%). 81 grades were awarded at A* (2019: 48). The GCSE results saw Stoics achieving 53% at grade 7 or above at GCSE level in the new 9-1 specifications. 69% of leavers were accepted by their first choice university.

Of the sixth formers who took the Extended Project Qualification, 74% were awarded A*A and 94% A*B.

The year saw a school-wide focus on the Learning Power Approach. This approach aims to develop pupils to be confident and capable learners, who, both in and out of school, are ready, willing and able to learn for themselves, either alone or with others.

Pastoral Care

The School is committed to safeguarding and promoting the welfare of pupils and expects all staff and volunteers to share in this commitment. The Designated Safeguarding Lead (DSL) is Michael Rickner and he is supported by Louise Springall, School Counsellor, as the Deputy DSL.

Stowe School's policy for Safeguarding and Child Protection accords with the requirements of the Buckinghamshire Safeguarding Children Board. It applies to all school employees, governors and to any volunteers working in the School.

There are processes of safeguarding induction and training in place, involving staff, governors, volunteers and contractors, which aim to ensure that this policy and safeguarding procedures are known and understood by those within the School community. The School underwent a successful ISI inspection in December 2018.

A programme of continuous improvements to the boarding houses is expected to continue next year.

Culture - Sport, Music and Drama and other activities

The School maintained its reputation in a wide range of sports and other extra-curricular activities, with pupils encouraged to take part in school, county and national competitions. Full details of the School's sporting and extra-curricular achievements can be found on the Stowe website: www.stowe.co.uk.

The arts and sciences featured strongly in the calendar; there were a number of prep school science events, numerous music concerts and drama productions. The School ran a full range of arts activities and events for the benefit of pupils and of the public, through Stowe Enterprises Limited until the outbreak of the pandemic.

Heritage/Restoration

On 7 March 2018 the School agreed the Asset Exchange with The National Trust. This exchange of various leasehold interests in land and buildings will enable The National Trust to restore the Western Garden to its 18th Century condition and the School has built a replacement golf course and will use the Home Farm development in the future.

Stowe House was open to the public on 130 days during the year. The School provides support on the historical archives and supports The Stowe House Preservation Trust Limited.

The School has worked with The Stowe House Preservation Trust as it continues to develop future plans. The Stowe House Preservation Trust continues to plan to restore the State Dining Room and continues to seek funding to complete the

Trustees' report (continued)

For the year ended 31 August 2020

future phases of the restoration project. Rather than beginning this project as originally planned, the decision was taken to renovate the Temple Room (the State Drawing Room).

Fundraising

The Trustees take their responsibilities under the Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their fundraising activities. The School is supported by SSF. It does not carry out any fundraising activity in order to raise funds from the general public. The School does not work directly with commercial sponsors or engage professional fundraisers. The Trustees are not aware of any complaints made in respect of fundraising during the year.

The focus of SSF, supported by the School, has continued to be on the generation of voluntary funding from alumni, patrons of the School and supporters of independent education. During the SSF year to 31 July 2020 funds of some £3.3 million (2019: £3.7 million) were raised. These included £445k towards the new Design, Technology and Engineering building, £180k towards the new Golf Course, £1.06m for general facilities projects and £1.6m of endowment and capital funds for scholarships and bursaries to support those who might not be able to attend or remain at Stowe. Charitable donations of cash and assets and grants totalling £238,565 (2019: £243,051) were received by the School during the year. The costs of the Campaign Office of £525,128 (2019: £511,162) were borne by the School.

SECTION 172 (1) STATEMENT

The School depends on the trust and confidence of its stakeholders to operate sustainably in the long term. The welfare of the School's pupils is of primary concern and the School seeks to put their interests at the forefront of everything it does. The School invests in its employees and supports the communities in which it operates. The School seeks to generate appropriate operating surpluses to maintain the School's investment in both scholarships and bursaries and in its facilities.

The Trustees of Stowe School Limited have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the School for the benefit of its stakeholders as a whole, having regard to the matters set out in section 172 (1) of the Companies Act 2006. Section 172 considerations are embedded in decision making at Governing Body level and throughout the organisation. The stakeholders which the Trustees have considered are set out below.

Having regard to the likely consequences of any decision in the long term

The Governing Body is mindful that its strategic decisions have long-term implications for the business and its stakeholders and these are carefully assessed by the School's various committees and by the Governing Body (see the section on Structure, Governance and Management on pages 3 to 5 of the annual report). This is particularly the case in setting the School's budget for the year when the Board balances the need for affordable education with the capital needs of the business.

Having regard to the interests of the School's employees

The Governing Body has regard to the interests of the School's employees and it recognises the importance of effective employee engagement in the successful functioning of the School. Governors engage with employees both formally through the various Governor committees and informally through dinners held prior to Governing Body meetings.

The School has a number of effective workforce engagement mechanisms in place:

- Employees are kept informed of performance and strategy through regular briefings from the Head and ELT, including termly training days.
- The Head provides termly updates to the Governing Body on staffing matters and staff matters are discussed at the weekly ELT meeting in term time.
- Employees can channel views through an employee representative body and through annual employee surveys.
- The Pay and Conditions Committee allows pay and reward matters to be discussed and reviewed.

Trustees' report (continued)

For the year ended 31 August 2020

The Governing Body considers that, taken together, these arrangements deliver an effective means of ensuring the Board stays alert to the views of the workforce.

Having regard to the need to foster the School's business relationships with customers, suppliers and others

Customers

As a large fee-paying school, the Governing Body regularly reviews the academic and financial performance of the School and its pupils and the affordability of its fee structure. The Head communicates regularly with both parents and pupils. In addition, pupil and parental surveys are regularly commissioned.

Suppliers

The School deals with hundreds of different suppliers and major contracts are reviewed and put out to tender where appropriate and are signed off by appropriate members of ELT and Governors. The School reports its payment practices every six months. The report to 31 August 2020 showed that 69 per cent of invoices were paid within 30 days and the average time taken to pay invoices was 29 days.

The wider community

The School is very mindful of its responsibilities to the wider community and of its relationships with its partners, including SHPT, the National Trust, the UTC at Silverstone and the Stowe Golf Club members as well as the local community.

Regulators

The School is regulated both by the Government and the Charity Commission. The Governing Body considers its reporting and dealings with the Regulators as of the utmost importance.

Having regard to the impact of the Company's operations on the community and the environment

A summary of its Streamlined Energy and Carbon report is set out below under Environmental Reporting.

Having regard to the desirability of the School maintaining a reputation for high standards of business conduct

Corporate governance

Details of the School's corporate governance are set out on pages 3 to 5 of the annual report.

Political donations

No donations were made for political purposes (2019: £nil).

ENVIRONMENTAL REPORTING

Under the Energy and Carbon Report Regulations 2018, the School is required to report on its environmental impacts. The key environmental impacts for the School are gas, kerosene and electricity use across the site and the use of business and personal vehicles. Energy usage has been calculated using consumption in the year. Transport mileage has been estimated from recorded mileage for School vehicles and from mileage claims for personal vehicles.

The School considers energy efficiency as part of its evaluation of projects. While COVID-19 and lockdown reduced the number of projects undertaken and consumption, the School shut down all non-essential systems during lockdown and has continued to replace lights with LED fittings. In October 2019, the School changed to procure green electricity, which has reduced its emissions.

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UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020

Energy consumption used to calculate emissions (kwh)	10,082,084
Energy consumption breakdown (kwh)	
Electricity usage (scope 2)	2,536,863
LPG usage (scope 1)	1,136,228
Kerosene usage (scope 1)	6,188,410
Gas usage (scope 1)	140,774
Transport (scope 1)	79,809

Emissions	Location-Based TCO2e	Market-Based TCO2e
Scope 1	1,818	1,818
Scope 2	615	81
Total	2,433	1,899
TCO2e per pupil	2.964	2.314

Market-based emissions include procured green energy. As mentioned above, Stowe School procured green electricity from October 2019 which reduced their scope 2 emissions by 534 TCO2e and resulted in an intensity metric of 2.314 TCO2e per pupil.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Financial Results

The financial results for the year were heavily impacted by COVID-19 and the loss of income mentioned above was compensated by the reduction in expenditure and the Government's Furlough Scheme. The result for the year is considerably worse than originally budgeted as a result.

The net income for the year was £223,395 (2019: £2,593,040), after including voluntary income of £1,876,738 (2019: £243,051); £1,612,372 (2019: £nil) of the voluntary income was from the Government's Furlough Scheme used to reimburse staff costs and £218,096 (2019: £205,849) from SSF and was used for the development of new facilities and enhancement of existing ones.

Investment losses of £111,634 (2019: losses £7,783) have been transferred to the Restricted Funds, which reflects the net movement in the composition fee fund.

Actuarial loss on defined benefit pension schemes resulted in a transfer of £1,797 (2019: gains £119,000) to the unrestricted General Fund in relation to the pension deficit re-measurement due to changes in assumptions.

This resulted in £343,884 (2019: £2,767,651) being allocated to the unrestricted General Fund and a loss of £122,286 (2019: loss £55,611) to the Restricted Fund, which includes £119 (2019: £151) to the Stowe Harvard Restricted Fund, which is used towards the costs of the Stowe Harvard Fellowship.

School fees receivable decreased from £25,994,763 in 2019 to £22,101,879 in 2020, as a result of COVID-19, when the Summer term fee invoices were reduced to reflect the closure of the School and the application of the distance learning programme.

Resources expended during the year were £24,997,310 (2019: £24,818,057). This is before taking into account the receipt of the Government's Furlough Scheme grant. Resources expended increased by 0.7% on 2019. In addition, the School has invested £535,330 (2019: £5,341,789) in capital expenditure, most notably on Design, Technology and Engineering and the Golf Course.

Trustees' report (continued)

For the year ended 31 August 2020

Cash and bank balances at 31 August 2020 stood at £8,451,204 (2019: £5,557,868). The increase resulted from the reduction in budgeted capital expenditure after the lockdown. The School entered into a Revolving Credit Facility (RCF) for 5 years, from 16 June 2017; there had been no drawdown on the RCF as at 31 August 2020.

Total funds at 31 August 2020 were £49,089,839 (2019: £48,868,241) of which £48,847,822 (2019: £48,503,938) were unrestricted.

The financial results for the year are dealt with in the Statement of Financial Activities.

Through its subsidiary, Stowe Enterprises Limited (SEL), Stowe School Limited makes available its sporting and other amenities for use by the public. SEL produced a turnover for the year ended 31 December 2019 of £1,919,466 (2018: £1,611,311) and a profit before donation of £610,564 (2018: £399,779).

Group financial statements have not been prepared as it is considered that they would be of no real value, in view of the insignificant overall effect of including the results of SEL.

Reserves Policy

The financial statements show that at 31 August 2020, the unrestricted funds totalled £48,847,822 (2019: £48,503,938) and restricted funds £242,017 (2019: £364,303).

Total unrestricted reserves include a funding deficit of £196,177 (2019: £233,906) calculated under FRS102 in respect of the notional funding deficit on the defined benefit pension plan for non-teaching staff. The Directors believe that this notional funding calculation, which can vary between surplus and deficit, depending on the assumptions used at each year end, has no material effect on the School's cash flows in the short term and that in the longer term its effects are manageable out of future income.

The company's unrestricted reserves are substantially represented by tangible fixed assets and are not readily available for spending. Excluding the FRS102 pension reserve and revaluation reserve above, the general unrestricted reserves were £49,043,999 (2019: £48,737,844), of which £48,774,432 (2019: £50,798,465) is represented by fixed assets.

The surplus on free reserves at 31 August 2020 of £269,567 (2019: deficit £2,060,621) is consistent with the longer term Development Plan cash flows, which are updated and reviewed by Directors on a regular basis. Whilst the Directors consider that higher positive free reserves would be desirable, they recognise the demands of capital expenditure to equip the School with up to date facilities and to maintain the high standard of educational services provided. Therefore achieving the desired positive free reserves level remains a longer term objective. The policy is managed prudently by ensuring that sufficient liquid assets are available.

Investment policy and objectives

The company's Articles of Association empower it to invest and deal with the monies of the company not immediately required as it thinks fit.

Composition fee funds are held under trust and administered by Stowe School Limited.

Disabled Employees

The School is committed to equal opportunities for all. It is the policy of the School that no job applicant or employee receives less favourable treatment on the grounds of disability. If an employee becomes disabled during the course of his or her employment, every effort is made to find suitable alternative employment within the School and re-training is given if this is necessary. Stowe School Limited continues to train and encourage the career development of disabled persons in its employment.

Trustees' report (continued)
For the year ended 31 August 2020

POST BALANCE SHEET EVENT

The formation of the Stowe group of schools mentioned above occurred on 5 January 2021 and is expected to increase Stowe School Limited's net assets. The results of the two preparatory schools are not included in the results for the year to 31 August 2020.

FUTURE PLANS

The key objectives for the following year are consistent with those stated above, with particular emphasis on:

- 2021 targets for A2: 75% A*B grades; for GCSE: 50% 9-7 grades
- Developing the theme of the Learning Power Approach and Change Makers
- Working with The Stowe House Preservation Trust to plan for the restoration of the State Dining Room
- Generating, through the Campaign for Stowe, money towards bursaries (including Change 100) and scholarships and for specific projects, including Design, Technology and Engineering and sports facilities
- Integration of Swanbourne House and Winchester House Schools into the Stowe group of schools.

Principal Risks and Uncertainties

The Governing Body is responsible for the management of the risks faced by the School and reviews the major risks and measures for mitigation as part of an annual process. The major risks are considered to be those that would prevent the School from carrying out its charitable objects permanently. Individual committees are responsible for reviewing and monitoring the management of risk in their particular area. The Governors are satisfied that the mitigation of the currently identified major risks, detailed below, has been or is being addressed as follows:

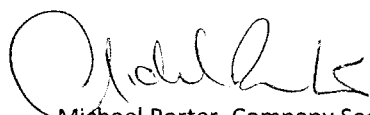
Failure to govern effectively	Governing Body, Nomination & Remuneration Committee
Failure to deliver educational objectives	Education Committee
Failure to safeguard pupil welfare	Governing Body, Education and Estates Committees
Regulatory non-compliance	All Committees
Fire in Stowe House	Estates Committee
Impact of economic and political climate	Governing Body and Finance Committee
Major fraud or financial mismanagement	Finance Committee
Major operational failure	Governing Body and All Committees
Reputational risk	Governing Body and All Committees
Temporary closure of the School	Governing Body and Finance Committee

In assessing the risks, the impact on school activity, disruption, injury or property damage, loss of income, reputation, management focus, missed opportunity and strategic direction change are all considered. Risks are recorded in a register, the controls and mitigation plans considered and assessed as to their impact and likelihood of materialising. Risks are classed as key, medium concern or manageable. The risk register is updated termly by the ELT and reviewed by Committees at least annually.

Auditors

Saffery Champness LLP has expressed their willingness to remain in office as auditors of the School.

This report, including the Strategic Report, was approved by the Board on 19 March 2021.



Michael Porter, Company Secretary

Independent Auditor's report to the Members

Opinion

We have audited the financial statements of Stowe School for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 charitable company's state of affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's report to the Members (continued)

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

Matters on which we are required to report by exception

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

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

- proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, the trustees (who are also 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 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 charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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

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

Independent Auditor's report to the Members (continued)

Use of our report

This report is made solely to the charitable company's trustees and 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 trustees and members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees, 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.



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Cara Turtington (Senior Statutory Auditor)
For and on behalf of

Saffery Champness LLP
Chartered Accountants
71 Queen Victoria Street
London
EC4V 4BE

Statutory Auditors

Date: 1 April 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 August 2020

	Notes	General Fund £	Restricted Funds £	2020 £	2019 £
Income from:					
Charitable Activities					
School fees receivable	1	22,101,879	-	22,101,879	25,994,763
Ancillary trading income	2	643,162	-	643,162	722,469
Other trading activities					
Non-ancillary trading income (covenants)	12	610,564	-	610,564	399,779
Other activities	3	17,151	-	17,151	13,635
Investments					
Bank and other interest	4	27,314	55,531	82,845	45,183
Voluntary sources					
Grants and donations	5	1,876,738	-	1,876,738	243,051
Total incoming resources		<u>25,276,808</u>	<u>55,531</u>	<u>25,332,339</u>	<u>27,418,880</u>
Expenditure on:					
Raising funds					
Financing costs	7	45,620	66,183	111,803	99,290
Fundraising and Development		525,128	-	525,128	511,162
Total deductible costs		<u>570,748</u>	<u>66,183</u>	<u>636,931</u>	<u>610,452</u>
Charitable activities					
Education		<u>24,360,379</u>	<u>-</u>	<u>24,360,379</u>	<u>24,207,605</u>
Total expenditure	6	<u>24,931,127</u>	<u>66,183</u>	<u>24,997,310</u>	<u>24,818,057</u>
		345,681	(10,652)	335,029	2,600,823
Net Investment losses		<u>-</u>	<u>(111,634)</u>	<u>(111,634)</u>	<u>(7,783)</u>
Net income		<u>345,681</u>	<u>(122,286)</u>	<u>223,395</u>	<u>2,593,040</u>
Other recognised gains and losses:					
Actuarial (loss)/gains on defined benefit pension schemes	22	<u>(1,797)</u>	<u>-</u>	<u>(1,797)</u>	<u>119,000</u>
Net movement in funds		<u>343,884</u>	<u>(122,286)</u>	<u>221,598</u>	<u>2,712,040</u>
Reconciliation of funds:					
Total funds brought forward	18	<u>48,503,938</u>	<u>364,303</u>	<u>48,868,241</u>	<u>46,156,201</u>
Total funds carried forward	18	<u>48,847,822</u>	<u>242,017</u>	<u>49,089,839</u>	<u>48,868,241</u>

All operations of the company continued throughout both years and no operations were acquired or discontinued in either year. All recognised gains and losses during the year are included with the Statement of Financial Activities. The accompanying notes are an integral part of this Statement of Financial Activities.

Balance sheet

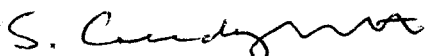
As at 31 August 2020

	Notes	2020 £	2019 £
Fixed Assets			
Tangible assets	9	48,774,432	50,798,465
Investment in subsidiary undertakings	11	164,300	164,300
Composition fee fund investments	16	2,594,087	3,550,296
		<u>51,532,819</u>	<u>54,513,061</u>
Current Assets			
Stocks	13	204,077	233,056
Debtors	14	7,199,716	990,185
Cash and deposits		8,451,204	5,557,868
		<u>15,854,997</u>	<u>6,781,109</u>
Creditors: amounts falling due within one year	15	<u>(16,677,908)</u>	<u>(10,147,223)</u>
Net Current Liabilities		<u>(822,911)</u>	<u>(3,366,114)</u>
Total Assets less Current Liabilities		50,709,908	51,146,947
Long-term Liabilities			
Creditors payable after one year			
Composition fees	16	(1,399,231)	(2,013,334)
Other creditors	17	(24,661)	(31,466)
		<u>(1,423,892)</u>	<u>(2,044,800)</u>
Net assets and liabilities excluding pension liability		49,286,016	49,102,147
Defined benefit pension scheme liability	22	(196,177)	(233,906)
Net assets		<u>49,089,839</u>	<u>48,868,241</u>
The funds of the charity			
Unrestricted funds:			
General reserve		49,043,999	48,737,844
Pension reserve	22	(196,177)	(233,906)
		<u>48,847,822</u>	<u>48,503,938</u>
Restricted funds			
General reserve	18	78,462	78,343
Revaluation reserve	18	163,555	285,960
		<u>242,017</u>	<u>364,303</u>
Total funds	18	<u>49,089,839</u>	<u>48,868,241</u>

Balance sheet (continued)

As at 31 August 2020

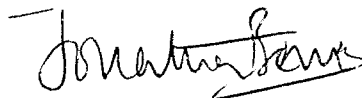
The financial statements on pages 19 to 40 were approved by the board of Trustees on 19 March 2021 and signed on their behalf by:



Simon Creedy Smith

Trustee

Company number 187251



Jonathan Bewes

Trustee

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

For the year ended 31 August 2020

	Notes	2020 £	2019 £
Net cash inflow from operating activities	20	3,018,703	5,288,684
Cashflows from investing activities			
Interest received		44,583	56,437
Additions to composition fee investments		(495,366)	(1,245,398)
Realisation of composition fee investments		1,339,897	1,243,311
Transfer or refunds of composition fee investments		-	2,931
Donations and grants received		264,366	243,051
Payments for tangible fixed assets		(1,291,287)	(5,655,329)
Proceeds from sale of tangible fixed assets		12,440	3,638
Net cash outflow from investing activities		<u>(125,367)</u>	<u>(5,351,360)</u>
Change in cash and cash equivalents in the reporting year		<u>2,893,336</u>	<u>(62,675)</u>
Cash and cash equivalents at the beginning of the reporting year		5,557,868	5,620,543
Cash and cash equivalents at the end of the reporting year		<u>8,451,204</u>	<u>5,557,868</u>
Net cash movement	21	<u>2,893,336</u>	<u>(62,675)</u>

Notes to the financial statements

For the year ended 31 August 2020

Accounting policies

The accounts have been prepared in accordance with Accounting and Reporting by Charities: the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102), Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

Stowe School Limited meets the definition of a public benefit entity under FRS102. The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The accounts include a Statement of Financial Activities (SoFA) rather than a profit and loss account. The financial information is presented for Stowe School Limited as an individual undertaking and not for the group. The Directors have taken advantage of the SORP and of the Companies Act 2006 (S405(2)) exemption not to prepare group financial statements as they consider the effects of any changes would not be material to the financial statements of Stowe School Limited.

Having reviewed the funding facilities available to the School, together with the expected ongoing demand for places and the School's future projected cash flows, the Directors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The functional currency is pounds sterling.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

a) Income and expenditure

School fees and operating expenses are included in the financial statements on an accruals basis. Registration fees are credited to income in the year in which they are received. All income and expenditure included in the financial statements is from continuing operations.

b) Investment income

Investment income is principally from bank balances and is accounted for on an accruals basis.

c) Income from voluntary sources

Income from voluntary sources (donations) is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Donations are accounted for as unrestricted income and credited to General Funds, as they relate to specific in year projects, and Trustees do not consider setting up separate restricted funds for each project.

Donations of tangible assets are capitalised at the estimated value as at the date of donation. Other donations are accounted for within the SoFA.

d) Grants

Grants are credited to income when receivable, irrespective of when the related expenditure is incurred.

e) Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure attributable to more than one cost category in the SoFA is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates. Repairs and maintenance expenditure is charged as an operating expense in the year in which it is incurred.

Notes to the financial statements (continued)

Accounting policies (continued)

f) Governance costs

Governance costs are those incurred in complying with statutory requirements and governance matters.

g) Tangible assets and depreciation

Expenditure relating to the acquisition of and extensions to freehold land and buildings together with the initial equipping thereof is capitalised and is stated in the financial statements at cost less depreciation. The Directors are aware that the realisable value is considerably greater than the original cost less depreciation.

Tangible assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on tangible assets other than land and historic buildings (the cost of which is not significant) on the first full month of use, so as to write off their cost by equal instalments over the expected useful lives of the assets concerned. The estimated useful lives are considered to be as follows:

Astroturf facility	10 years	Central heating	20 years
Technology equipment	4 to 10 years	Freehold buildings	15 to 50 years
Furniture, fixtures and fittings	5 to 25 years	Motor vehicles	4 to 7 years
Plant and equipment	5 to 25 years	Property improvements	5 to 50 years

Assets costing under £1,000 and property improvements costing less than £30,000 are not capitalised.

Land and buildings are reviewed annually for impairment. Assets in the course of construction are not depreciated until they are brought into use.

h) Heritage assets

The School acquired Stowe House in 1923; the House is leased to the Stowe House Preservation Trust with a coterminous leaseback to Stowe School for 99 years effective from 1 January 2000. The House is occupied by the School as an operational asset. Stowe House is included in the balance sheet at cost. The School considers that its owned paintings, statues and busts on display and in archive are operational assets.

i) Investments and Investment properties

Investments are shown at market value, less any provision for diminution in value. Gains and losses are included in the SoFA. Investments in subsidiary undertakings are shown at cost, less any provision for permanent diminution in value.

j) Stocks

Stocks are stated at the lower of cost and net realisable value.

k) Debtors

Debtors in respect of school fees are recognised at the point of issuing invoices for the following term. If the pupil withdraws before the start of term, the fees are still due for settlement.

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

Notes to the financial statements (continued)

Accounting policies (continued)

l) Cash at bank and in hand

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

m) Deferred income

Deferred income represents income after scholarships, bursaries and discounts awarded for the first term of the following academic year and therefore relates to the following financial year.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Operating leases

Assets held under operating leases are not capitalised. The costs associated with hire rental are charged directly to income as they arise.

p) Pensions

Stowe School Limited's professional teaching staff are members of a Superannuation Scheme operated by the Department for Education. This is a multi-employer defined benefit scheme and individual schools are not able to identify their share of the underlying assets and liabilities of the scheme.

Other staff are members of a defined contribution scheme or a multi-employer defined benefit scheme. The amount charged to the statement of financial activities in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

q) Composition fees

Composition fees represent payments in advance in respect of school fees for pupils, present and future, and are deposited with Stowe School Limited, as Trustee, for investment. A transfer to the SoFA is made each term in respect of school fees which are then due.

r) Support costs

Support costs are administration and other costs incurred in supporting the charitable activities.

s) Critical accounting judgement and key sources of estimation uncertainty

In the application of the charity's accounting policies, the directors 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 year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

Notes to the financial statements (continued)

1 School fees receivable

	2020 £	2019 £
Gross school fees	24,468,357	28,378,856
Less: Scholarships, bursaries and allowances	(2,366,478)	(2,384,093)
	<u>22,101,879</u>	<u>25,994,763</u>

Due to the impact of COVID-19, the fees for the final term were reduced by £4,697,330 to compensate for the pupils not being able to use the facilities at the School. Pupils were taught through the Stowe Distance Learning Programme.

SSF funded scholarships and bursaries of £226,552 (2019: £215,589) resulting in a total funded by the School and the Foundation of £1,930,763 (2019: £1,930,859). In addition, external trusts provided funds of £33,489 (2019: £24,208) towards individual pupils' fees. Both the amounts funded by SSF and external trusts are included in gross school fees.

2 Ancillary trading income

	2020 £	2019 £
Pupil extras	330,892	426,855
Registration fees	115,893	135,675
Rental income	66,848	56,165
Other income	129,529	103,774
	<u>643,162</u>	<u>722,469</u>

3 Other activities

	2020 £	2019 £
Interest on overdue accounts	17,151	13,635

4 Bank and other interest

	2020 £	2019 £
Interest and dividends on Composition fee investments (note 16)	55,412	-
Bank interest receivable	24,553	42,276
Interest from SEL on school shop stock loan	2,880	2,907
	<u>82,845</u>	<u>45,183</u>

5 Grants and Donations

	2020 £	2019 £
Donations	264,366	243,051
Government Furlough Scheme	1,612,372	-
	<u>1,876,738</u>	<u>243,051</u>

Notes to the financial statements (continued)

6 Analysis of total expenditure

	Staff Costs £	Other Costs £	Depreciation £	2020 £
Expenditure on raising funds				
Financing costs (Note 7)	-	111,803	-	111,803
Fundraising and Development	447,550	77,578	-	525,128
Total costs of generating funds	447,550	189,381	-	636,931
Charitable activities				
Teaching	9,562,820	955,620	509,529	11,027,969
Welfare	2,768,542	1,096,396	67,344	3,932,282
Premises repairs and maintenance	1,688,127	3,043,893	1,852,775	6,584,795
Support costs and governance	1,511,239	1,192,644	111,450	2,815,333
Total charitable expenditure	15,530,728	6,288,553	2,541,098	24,360,379
Total expenditure	15,978,278	6,477,934	2,541,098	24,997,310
	Staff Costs £	Other Costs £	Depreciation £	2019 £
Expenditure on raising funds				
Financing costs (Note 7)	-	99,290	-	99,290
Fundraising and Development	422,559	88,603	-	511,162
Total costs of generating funds	422,559	187,893	-	610,452
Charitable activities				
Teaching	8,540,680	1,292,876	491,189	10,324,745
Welfare	2,740,962	1,206,131	70,360	4,017,453
Premises repairs and maintenance	1,587,375	3,885,582	1,658,152	7,131,109
Support costs and governance	1,382,185	1,266,384	85,729	2,734,298
Total charitable expenditure	14,251,202	7,650,973	2,305,430	24,207,605
Total expenditure	14,673,761	7,838,866	2,305,430	24,818,057

Notes to the financial statements (continued)

Governance included in support costs:

	2020	2019
	£	£
Remuneration paid to auditors for audit services	19,500	18,943
Directors – travel and subsistence costs	6,855	9,499
Other governance costs	7,231	6,976
	<u>33,586</u>	<u>35,418</u>

The Directors and Company Secretary did not receive any emoluments during the year (2019: £nil) and none received retirement or other benefits from the School. Travel expenses were claimed by 14 (2019: 18) individuals who were reimbursed directly or indirectly £6,855 (2019: £9,499).

In addition to the above audit remuneration, the auditors performed due diligence for the Stowe School merger with Swanbourne House School and Winchester House School totalling £60,000 (For taxation and VAT support 2019: £4,520).

7 Financing costs

	2020	2019
	£	£
Commitment fee on rolling credit facility	35,096	35,000
Movement in present value of Composition fees and admin fees (note 16)	66,183	47,979
Bank charges	8,467	10,311
Pension Scheme financing costs	2,057	6,000
	<u>111,803</u>	<u>99,290</u>

8 Staff costs

	2020	2019
	£	£
Total staff costs were:		
Salaries and wages	13,043,394	12,339,399
Social security costs	1,259,392	1,178,893
Other pension costs	1,675,492	1,155,469
	<u>15,978,278</u>	<u>14,673,761</u>

The aggregate employee remuneration and benefits of the key management personnel were:

<u>1,217,818</u>	<u>1,168,882</u>
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The total staff costs above include payments relating to leaving staff of £60,880 (2019: £46,164).

Notes to the financial statements (continued)

	2020	2019
	Number	Number
The average number of employees of the company during the financial year was as follows:		
Teaching and teaching support staff	169	162
Visiting music teachers	30	32
Establishment and administrative staff	318	323
	<u>517</u>	<u>517</u>
The average FTE of employees of the company during the financial year was as follows:		
Teaching and teaching support staff	146	139
Visiting music teachers	6	7
Establishment and administrative staff	220	217
	<u>372</u>	<u>363</u>
The number of staff in pension schemes was as follows:		
Money Purchase	302	299
Teachers' Pensions	122	113
	<u>424</u>	<u>412</u>

The Staging date for pension auto enrolment was October 2013 and the most recent re-enrolment date was 1 November 2019, which required staff who opted out to elect to be enrolled or opt out again. The next re-enrolment date is 1 November 2022.

	2020	2019
	Number	Number
The number of employees whose emoluments exceeded £60,000 were:		
£60,001 - £70,000	16	14
£70,001 - £80,000	2	1
£80,001 - £90,000	3	3
£90,001 - £100,000	2	1
£130,001 - £140,000	1	1
£210,001 - £220,000	1	1
£260,001 - £270,000	-	1
£270,001 - £280,000	1	-
	<u>1</u>	<u>-</u>

Stowe School Limited's pension contributions for the above 26 (2019: 22) employees totalled £297,951 (2019: £183,986), divided between Teachers' Pensions £263,453 (2019: £159,252) and other schemes £34,498 (2019: £24,734).

The emoluments of the highest paid employee reflect the fact that employer pension contributions of 16.48% of salary to the Teachers' Pensions Scheme ceased with effect from 31 May 2016, at which time the salary was increased by an amount equivalent to the contributions foregone.

Notes to the financial statements (continued)

9 Tangible fixed assets

	Freehold Property £	Property Improve- ments £	Plant & Equipment £	Computer Equipment £	Furniture, Fixtures & Fittings £	Motor Vehicles £	Total £
Cost							
1 September 2019	28,909,673	32,449,156	2,277,894	2,020,852	4,056,770	654,551	70,368,896
Additions	151,117	170,800	67,505	55,548	43,912	46,448	535,330
Disposals	(10,410)	(4,688)	(5,543)	-	-	(5,823)	(26,464)
31 August 2020	29,050,380	32,615,268	2,339,856	2,076,400	4,100,682	695,176	70,877,762
Depreciation							
1 September 2019	4,242,247	9,158,352	1,875,784	1,467,092	2,458,595	368,361	19,570,431
Charge for Year	644,804	1,211,492	117,558	162,695	305,018	99,531	2,541,098
Disposals	-	-	(2,376)	-	-	(5,823)	(8,199)
31 August 2020	4,887,051	10,369,844	1,990,966	1,629,787	2,763,613	462,069	22,103,330
Net Book Value							
31 August 2020	24,163,329	22,245,424	348,890	446,613	1,337,069	233,107	48,774,432
31 August 2019	24,667,426	23,290,804	402,110	553,760	1,598,175	286,190	50,798,465

Within additions, £169,347 (2019: £369,787) of assets are under construction, most notably the Design, Technology and Engineering building.

£218,096 (2019: £205,849) of donations and grants in the cash flow statement were used to fund capital additions in the year.

10 Capital commitments

There was £170,318 of capital expenditure authorised and contracted for at the balance sheet date (2019: £290,176).

11 Investment in subsidiary undertakings

	2020 £	2019 £
Stowe Enterprises Limited - shares at cost	100	100
Stowe Enterprises Limited - interest bearing loan	164,000	164,000
Stowe School Developments Limited – shares at cost	100	100
Stowe Qatar Limited – shares at cost	100	100
	164,300	164,300

For additional information refer to Note 12 – Related party transactions.

Notes to the financial statements (continued)

12 Related party transactions

Stowe School Limited owns the whole of the issued ordinary share capital of Stowe Enterprises Limited ("SEL"), a company registered in England. Stowe School Limited allows SEL to make available the facilities of the School for use by the public and to operate the School shop.

SEL prepares its annual accounts to 31 December, an accounting date which the directors consider to be appropriate for administrative reasons. The taxable profits of SEL are donated to the School each year, 2020: £610,564 (2019: £399,779).

The last audited accounts of SEL were for the year ended 31 December 2019. The following information is disclosed in respect of SEL:

	31 December 2019	31 December 2018
	£	£
Turnover	1,919,466	1,611,311
Expenditure	(1,308,902)	(1,211,532)
Profit for the financial year	610,564	399,779
Donated to the school	(610,564)	(399,779)
Result for the year	-	-
Balance of capital and reserves	629,012	418,227

The annual accounts capital and reserves had a prior year adjustment due to a timing change in recognition of gift aid payment, the balance increased by £399,779 to £418,227.

Stowe School Limited recharged costs to SEL during the year of £221,221 (2019: £510,896). As a result of COVID-19, SEL were unable to undertake any commercial activities from March 2020 onwards. As a consequence less costs were incurred. SEL received income from the School for purchases made in the School shop during the year of £80,544 (2019: £69,608). At the year end the amount owed by SEL to the School was £45,312 (2019: £177,734).

The total taxable profits donated to the School were:	2020	2019
	£	£
Stowe Enterprises Limited (SEL)	610,564	399,779

During the year to 31 July 2011 the School acquired the whole of the issued ordinary share capital of Stowe School Developments Limited ("SSDL"), a company registered in England. The company had turnover of £10,000 and made a profit before tax of £2,969 in the year to 31 August 2020. At the year end the amount owed by SSDL to the School was £11,885 (2019: £12,280).

SSDL owns the whole of the issued share capital of Stowe UAE Limited and Stowe China Limited. Stowe UAE received no income in the year to 31 August 2020 (2019: £nil). At the year end the amount owed by Stowe UAE to the School was £3,399 (2019: £3,946). Stowe China received no income in the year to 31 August 2020 (2019: £nil). At the year end the amount owed to the School by Stowe China was £513 (2019: £56).

During the year to 31 August 2014 the School acquired the whole of the issued ordinary share capital of Stowe Qatar Limited, a company registered in England. The company received no income in the year to 31 August 2020 (2019: £nil). At the year end the amount owed by Stowe Qatar to the School was £3,349 (2019: £3,911).

Notes to the financial statements (continued)

13 Stocks

	2020	2019
	£	£
Raw materials and consumables	204,077	233,056

The replacement cost of stocks is not considered to be materially different from their historical cost.

14 Debtors

	2020	2019
	£	£
Debtors in respect of School fees	6,419,102	325,551
Other debtors	61,183	70,455
Prepayments and accrued income	654,973	396,252
Amounts owed by subsidiary undertakings (note 12)	64,458	197,927
	<u>7,199,716</u>	<u>990,185</u>

The debtors in respect of school fees has increased as a consequence of changing the accounting policy regarding the treatment of deferred income. The above debtors represent debt owed on School fees for the Michaelmas term (see Note 15 – Deferred income) and extras from the Summer term. The prior year estimated debtors comparison would have been £6,447,032 and deferred income of £8,820,714.

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Deferred income	8,835,338	-
School fees paid on account	1,566,834	3,163,403
Deposits paid on account	3,141,941	2,947,166
Trade creditors	464,756	852,943
Other creditors	363,530	271,547
Taxation and social security	320,833	303,981
Accruals	953,375	1,357,181
Current portion of Composition fees (note 16)	1,031,301	1,251,002
	<u>16,677,908</u>	<u>10,147,223</u>

Deferred income represents income relating to the next financial year (see Note 14 – Debtors in respect of School fees).

Notes to the financial statements (continued)

16 Composition fee fund investments

Composition fees represent fees paid by parents to the School up to the equivalent of five years' fees in advance and are held separately from the general funds of the School, with Stowe School Limited as Trustee. The Directors have delegated the day to day management of the investments to Smith & Williamson Investment Management LLP.

The movement on the composition fee fund was:	2020	2019
	£	£
Market value at 1 September	3,550,296	3,558,079
Composition fees received and invested	446,264	1,197,458
Composition fees transferred or refunded	-	(2,931)
Net income arising reinvested	49,058	47,939
Applied to school fees	(1,339,897)	(1,243,311)
Investment loss during the year	(111,634)	(6,938)
Market Value at 31 August	<u>2,594,087</u>	<u>3,550,296</u>
Historical Cost at 31 August	<u>2,400,756</u>	<u>3,216,417</u>

Investments comprise:

Listed investments:	£	£
UK Fixed Interest:		
I Shares III Plc	1,223,734	1,517,530
Smith & Williamson Investment Funds	620,275	761,373
	<u>1,844,009</u>	<u>2,278,903</u>
UK Equities: J P Morgan Asset Management Ltd	654,206	745,397
	<u>2,498,215</u>	<u>3,024,300</u>
Client Money	44,756	9,241
Total Investments	<u>2,542,971</u>	<u>3,033,541</u>
Cash at Bank	51,116	516,755
Total Composition fee fund investments	<u>2,594,087</u>	<u>3,550,296</u>

Assuming pupils remain at the School, advance fees will be applied as follows:

	£	£
Greater than five years	81,602	118,386
Between two and five years	702,757	1,053,868
Between one and two years	614,872	841,080
	<u>1,399,231</u>	<u>2,013,334</u>
In one year or less	1,031,301	1,251,002
Net Present Value	<u>2,430,532</u>	<u>3,264,336</u>

Notes to the financial statements (continued)

17 Other Creditors

This represents the School's proportion (29%) of a pension deficit within Allied Schools Agency (see Note 22).

	2020	2019
	£	£
Greater than one year	24,661	31,466
In one year or less	6,725	6,534
	<u>31,386</u>	<u>38,000</u>

18 The funds of the Charity

	Unrestricted General Fund £	Composition Fee Restricted Fund £	Stowe Harvard Restricted Fund £	Total Restricted Funds £	Total Funds £
At 1 September 2019	48,503,938	285,960	78,343	364,303	48,868,241
Net movement in funds	343,884	(122,405)	119	(122,286)	221,598
At 31 August 2020	<u>48,847,822</u>	<u>163,555</u>	<u>78,462</u>	<u>242,017</u>	<u>49,089,839</u>

Analysis of Net Assets

	£	£	£	£	£
Tangible Fixed Assets	48,774,432	-	-	-	48,774,432
Investments	164,300	2,594,087	-	2,594,087	2,758,387
Current Assets	15,776,535	-	78,462	78,462	15,854,997
Creditors amounts falling due within one year	(15,646,607)	(1,031,301)	-	(1,031,301)	(16,677,908)
Creditors payable after one year	(24,661)	(1,399,231)	-	(1,399,231)	(1,423,892)
Provisions	(196,177)	-	-	-	(196,177)
At 31 August 2020	<u>48,847,822</u>	<u>163,555</u>	<u>78,462</u>	<u>242,017</u>	<u>49,089,839</u>

Unrestricted Funds

Within the Unrestricted Funds is a pension reserve of (£196,177) (2019: (£233,906)) relating to a defined benefit scheme provision (see Note 22).

Restricted Funds (Composition and Stowe Harvard)

Within the Restricted Funds is £78,462 (2019: £78,343) relating to the Stowe Harvard Fund, whose funds are to be used towards the costs of the Stowe Harvard Fellowship and a revaluation reserve of £163,555 (2019: £285,960) which reflects the difference between the market value of the composition fee investments and the net present value of future fee commitments at 31 August 2020 (see Note 16).

An analysis of the Funds of the Charity for last year can be found at Note 25.

Notes to the financial statements (continued)

19 Operating leases

Other Assets - Total commitments relating to operating leases:

	2020	2019
	£	£
Less than one year	<u>108,461</u>	<u>131,090</u>
Between two and five years	<u>148,841</u>	<u>228,199</u>
Over five years	<u>-</u>	<u>10,410</u>

During the year £136,091 (2019: £149,328) was spent on operating leases.

Property Assets – Total commitments relating to operating leases:

Stowe House:

The house has been leased to The Stowe House Preservation Trust Ltd, a coterminous leaseback to Stowe School Ltd for 99 years, effective from 1 January 2000 (no break clauses). The arrangements were confirmed under Charity Order 0149530D dated 10 November 1999.

The lease charge represents the rent payable to The Stowe House Preservation Trust Ltd for the School's occupation of Stowe House. The lease charge is reviewed every five years (next review 2023); the charge for the year is £155,162 (2019: £155,162).

The total minimum lease payments remaining on this lease are £7.8 million, over the remaining 78 years.

National Trust:

An agreement was made on 29 March 1990 between both parties to lease, surrender and develop various premises and land at Stowe, Buckinghamshire for 190 years.

The lease charge represents the rent payable to the National Trust for the School's occupation of certain properties. The lease charge is reviewed every five years (next review 2020). The charge for the year is £13,830 (2019: 13,830).

The total minimum lease payments remaining on this lease at the current rate of charge are £2.2 million, over the remaining 160 years. The exact amount payable depends on the properties used by the School.

Other:

The School had a lease over a residential property, which was a one year rental. The charge for the year is nil as the lease ceased in May 2019 (2019: £9,600).

Notes to the financial statements (continued)

20 Reconciliation of net movement in funds to net cash inflow from operating activities

	2020 £	2019 £
Net income	223,395	2,593,040
Donations received	(264,366)	(243,051)
Interest received	(44,583)	(58,818)
	<hr/>	<hr/>
Operating surplus for the year	(85,554)	2,291,171
Depreciation charges	2,541,098	2,305,430
Profit/(Loss) on disposal of fixed assets	5,825	125,873
Unrealised loss/(gain) arising on revaluation of investments	111,634	7,783
Decrease in stocks	28,979	2,470
(Increase) in debtors	(6,209,531)	(33,982)
Decrease in creditors	6,667,835	638,154
(Decrease) in provision	(41,583)	(48,215)
	<hr/>	<hr/>
Net cash inflow from operating activities	3,018,703	5,288,684

21 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash and cash equivalents			
Cash	5,557,868	2,893,336	8,451,204
	<hr/>	<hr/>	<hr/>
	5,557,868	2,893,336	8,451,204

22 Pensions Schemes

Teachers' Pensions

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 £1,071,093 (2019: £805,317) and at the year-end £101,310 (2019: £66,259) was accrued in respect of employer contributions to this scheme.

The TPS is an unfunded, multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary's Department.

The latest actuarial valuation was completed in 2018, which determined the opening balance of the cost cap fund and also provided an analysis of the cost cap as required by the Public Service Pensions Act 2013. The employers contribution rate for the TPS increased to 23.6% from 1 September 2019 and the employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

Notes to the financial statements (continued)

Support Staff Pensions

The School's support staff have the opportunity to join either the Pensions Trust Growth Plan Series 4, the Pensions Trust Flexible Retirement Plan or a Standard Life Group Personal Pension Scheme. These Schemes are defined contribution schemes.

The School also participates in a Pensions Trust multi-employer scheme (i.e. all employers that employed active members before 1 October 2001) which provides benefits to some 950 non associated participating employers; the Growth Plan Series 1, 2 and 3 are defined benefit schemes in the UK. It is not possible for the School to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pension Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

Because Series 3 liabilities do not contribute towards the deficit (as investments are matched to liabilities) the Trustee has agreed that employers who have only ever had involvement with Series 3 were not required to pay any additional contributions from 1 April 2013.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m, resulting in a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions: from 1 April 2019 to 31 January 2025 - £11,243,000 per annum (payable monthly and increasing by 3% on each 1 April).

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions in the scheme as follows:

Deficit contributions: from 1 April 2016 to 30 September 2025 - £12,945,440 per annum (payable monthly and increasing by 3% on each 1 April) and from 1 April 2016 to 30 September 2028 - £54,560 per annum (payable monthly and increasing by 3% on each 1 April).

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

The additional contributions required from Stowe School Limited from 1 April 2013 were agreed at £49,507 per annum (rising by inflation annually) for 10 years. The additional contributions made in the year totalled £41,583 (2019: £48,215).

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using an appropriate discount rate. The unwinding of the discount rate is recognised as a finance cost.

Notes to the financial statements (continued)

Net present value of Provision

	2020 £	2019 £
Net present value of provision	196,177	233,906

Reconciliation of opening and closing Provision

	2020 £	2019 £
Provision at start of year	233,906	395,121
Unwinding of the discount factor (interest expense)	2,057	6,000
Deficit contribution paid	(41,583)	(48,215)
Re-measurements – impact of any change in assumptions	1,797	4,000
Re-measurements – amendments to the contribution schedule	-	(123,000)
Provision at end of year	196,177	233,906

Income and Expenditure Impact

	2020 £	2019 £
Interest expense	2,057	6,000
Re-measurements – impact of any change in assumptions	1,797	4,000
Costs recognised in income and expenditure account	41,583	48,215
Re-measurements – amendments to the contribution schedule	-	(123,000)
Impact at end of the year	45,437	(64,785)

23 Legal Charges

The School entered into a Revolving Credit Facility (RCF) for five years, from 16 June 2017. The RCF is secured by legal charges on the School's domestic properties.

Notes to the financial statements (continued)

24 Statement of Financial Activities (incorporating an income and expenditure account) for prior year

	Notes	General Fund £	Restricted Funds £	2019 £
Income from:				
Charitable Activities				
School fees receivable	1	25,994,763	-	25,994,763
Ancillary trading income	2	722,469	-	722,469
Other trading activities				
Non-ancillary trading income (covenants)	12	399,779	-	399,779
Other activities	3	13,635	-	13,635
Investments				
Bank and other interest	4	45,032	151	45,183
Voluntary sources				
Grants and donations	5	243,051	-	243,051
Total incoming resources		<u>27,418,729</u>	<u>151</u>	<u>27,418,880</u>
Expenditure on:				
Raising funds				
Financing costs	7	51,311	47,979	99,290
Fundraising and Development		511,162	-	511,162
Total deductible costs		<u>562,473</u>	<u>47,979</u>	<u>610,452</u>
Charitable activities				
Education		<u>24,207,605</u>	<u>-</u>	<u>24,207,605</u>
Total expenditure	6	<u>24,770,078</u>	<u>47,979</u>	<u>24,818,057</u>
		2,648,651	(47,828)	2,600,823
Net Investment (losses)/gains		-	(7,783)	(7,783)
Net income		<u>2,648,651</u>	<u>(55,611)</u>	<u>2,593,040</u>
Other recognised gains and losses:				
Actuarial gains on defined benefit pension schemes	22	<u>119,000</u>	<u>-</u>	<u>119,000</u>
Net movement in funds		<u>2,767,651</u>	<u>(55,611)</u>	<u>2,712,040</u>
Reconciliation of funds:				
Total funds brought forward	18	<u>45,736,287</u>	<u>419,914</u>	<u>46,156,201</u>
Total funds carried forward	18	<u>48,503,938</u>	<u>364,303</u>	<u>48,868,241</u>

Notes to the financial statements (continued)

25 The funds of the Charity for prior year

	Unrestricted General Fund	Composition Fee Restricted Fund	Stowe Harvard Restricted Fund	Total Restricted Funds	Total Funds
	£	£	£	£	£
At 1 September 2018	45,736,287	341,722	78,192	419,914	46,156,201
Net movement in funds	2,767,651	(55,762)	151	(55,611)	2,712,040
At 31 August 2019	48,503,938	285,960	78,343	364,303	48,868,241

Analysis of Net Assets

	£	£	£	£	£
Tangible Fixed Assets	50,798,465	-	-	-	50,798,465
Investments	164,300	3,550,296	-	3,550,296	3,714,596
Current Assets	6,702,766	-	78,343	78,343	6,781,109
Creditors amounts falling due within one year	(8,896,221)	(1,251,002)	-	(1,251,002)	(10,147,223)
Creditors payable after one year	(31,466)	(2,013,334)	-	(2,013,334)	(2,044,800)
Provisions	(233,906)	-	-	-	(233,906)
At 31 August 2019	48,503,938	285,960	78,343	364,303	48,868,241