

HEATH MOUNT SCHOOL TRUST LIMITED

**(A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)**

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2020**

Company Registration No. 983758

Charity Registration No. 311069

HEATH MOUNT SCHOOL TRUST LTD
ANNUAL REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2020

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GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

Heath Mount School (the “School”) is owned by Heath Mount School Trust Limited (the “Charitable Company” or the “Charity”), a registered charity. The Governors of the School serve as Directors of the Charitable Company and as Trustees of the Charity. All are non-executive. Details of the current Governors and of those who served during the year ended 31st August 2020 are set out below:

	(1)	(2)	(3)	(4)	(5)
Mrs Juliette Hodson (Chair)	●	●	●	●	●
Mr Gerry Wade (Secretary)		●	●	●	●
Mr Edward Campbell-Gray		●	●		
Mr David De Boinville			●		
Dr Richard Dent	●			●	●
Mr Ian Neale			●		
Mr James Steel		●		●	●
Mrs Helen Rayfield		●		●	●
Mrs Karen Sallybanks *				●	●
Mr Martin Collier	●				
Mr Alex Mitchell	●				
Mr Anders Jacobsen *			●		
Mrs Sarah Capewell	●				

(1) Member of Education Committee

(2) Member of Finance Committee

(3) Member of Buildings Committee

(4) Member of Strategy Committee

(5) Member of Governance Committee

* Parent of pupil at the school

KEY MANAGEMENT PERSONNEL

Headmaster

C Gillam BEd

Bursar

Mrs N J Slowey MBA, ACMA, CGMA, BSc (Hons)

ADMINISTRATIVE INFORMATION

Address:

Heath Mount School, Woodhall Park
Watton-at-Stone, Herts. SG14 3NG

Website:

www.heathmount.org

ADVISERS

Auditors

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors

Hewitsons LLP, Shakespeare House, 42 Newmarket Rd, CB5 8EP

Bankers

Lloyds Bank plc.

Insurance Brokers

Marsh Ltd, 9 – 17 Perrymount Road, Haywards Heath RH16 3DU

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GOVERNORS' REPORT

The Governors of Heath Mount School present the annual report and financial statements incorporating the Strategic Report for the year ended 31 August 2020. The Governors confirm that the financial statements comply with the Charity's governing documents, the Statement of Recommended Practice (SORP 2015) "Accounting and Reporting by Charities" and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

History and structure

Heath Mount School was founded in 1817 and moved to its current location in 1934. The house and grounds, comprising Woodhall Park, are leased from the Abel Smith Trust along with the girls' boarding house and the Headmaster's house.

In 1970 the School incorporated as Heath Mount School Trust Limited, a company limited by guarantee registered in England and Wales with company number 983758. It is also registered as a charity with registration number 311069.

Governing Document

The Charity is governed by the Memorandum of Association and Articles of Association of the Charitable Company.

Governing Body

The Governing Body is self-appointing. The Governors aim to ensure access within the Governing Body both to educational experience and a range of other skills. New members of the Governing Body are selected based on their professional qualities, experience, personal competence and local availability. The current Governors are listed on page 3.

New Governors are inducted into the workings of the School through attendance at meetings with the Chair and executive officers. Governors also attend specialist external courses and have specific in-house training sessions throughout the year.

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Organisational Management

The Governors, as Trustees of the Charity (and also as directors of Heath Mount School Ltd for the purposes of company law), are legally responsible for running and developing the School as a Pre-Prep and Preparatory School for boys and girls. A full meeting of the Governors takes place once a term and the three main committees meet at least once a term.

The Governors have established five sub-committees:

The **Education Committee** considers educational and pastoral policy including all safeguarding. The committee is chaired by Dr Richard Dent.

The **Finance Committee** scrutinises the revenue, budget and capital expenditure. This Committee also supervises the preparation of the annual report and financial statements for approval by the Governing Body. The committee is chaired by James Steel.

The **Buildings & Infrastructure Committee** supervises and monitors capital building projects and maintenance, and IT infrastructure. It also oversees all Health and Safety matters. The committee is chaired by Ian Neale.

The **Strategy Committee** meets a minimum of once a year to consider proposals for the development of the School. The committee is chaired by Gerry Wade.

The **Governance Committee** meets a minimum of once a year to scrutinise and review all aspects of the running of the school underpinned by legislation or statutory regulation. The committee is chaired by Juliette Hodson.

The Governors delegate the day-to-day running of the School to the Headmaster assisted by his Senior Management Team (SMT). The Headmaster and appropriate members of the Senior Management Team attend meetings of the Governors.

Remuneration for the Headmaster and Bursar is set by the Finance Committee and approved by the Full Board. Remuneration for the remainder of the SMT is set by the Headmaster and Bursar and approved by the Finance Committee. Remuneration is set at levels to reward staff fairly and responsibly and is reviewed periodically with reference to comparison with other independent schools.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Objects of the Charity are set out in the Memorandum of Association of the Charitable Company and are to promote and provide for the advancement of education and in connection therewith to conduct, carry on,

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acquire and develop in the United Kingdom any boarding or day school or schools for the education of either sex or both sexes.

Within these Objects, the Governors aim to provide a first-class independent education for boys and girls aged 3 to 13 years in a community where all members are valued and to provide an excellent well-resourced environment for teaching and learning in order to enable them to move on confidently to the senior school of their choice. Pupils from a wide ability range succeed in at least some area of the curriculum whether it is academic, art, music, design technology, sport, drama or outdoor pursuits.

Mission Statement

The School aims to provide the best possible education within a friendly and nurturing environment which promotes well-being. It seeks to uncover and develop potential whilst maintaining a balance with traditional childhood experiences. The School wishes its pupils to develop self-confidence, self-discipline, and a strong values system.

Primary objectives

In fulfilling its objectives, the School aims:

Educational

- To provide the best possible education for every child ensuring that value is added across the entire curriculum;
- To ensure that strong pastoral care is at the heart of the school and its values and that every child can develop as a happy, confident individual ready to realise their full potential;
- To ensure that every child is prepared for entry to an appropriate senior school;

Staffing

- To employ and develop high quality teaching and support staff to ensure the best possible education for every child;

Financial

- To ensure that the School creates a healthy surplus to reinvest in the fabric of the site and maintain high teaching standards;
- To ensure that the School meets its charitable status targets;

Governance

- To achieve the highest standard of governance ensuring that the School fulfils its duty of care towards pupils and staff, meeting all regulatory requirements;

Engagement

- To ensure effective levels of communication between Governors, School staff, pupils, parents and prospective parents;

Buildings and Infrastructure

- To invest in new and existing facilities to enhance the School's educational offering and;
- To maintain and develop the School's relationship with the Woodhall Estate.

PUBLIC BENEFIT

The Governors give careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education and on fee-charging.

The School remains committed to providing public benefit in accordance with its founding principles. Charity legislation includes a requirement to demonstrate that public benefit for any charitable purpose where it had hitherto been presumed in the absence of evidence to the contrary. This calls in turn for commensurate disclosure of our public benefit aims.

The Governors are committed to broadening access to the School by offering to eligible parents or guardians means-tested financial support with the payment of school fees. Such bursaries may be awarded in the form of a discount of up to 100% of tuition fees payable, depending on the financial, compassionate or other pertinent circumstances of applicants. During the year ended 31st August 2020, the School awarded bursaries worth £134,742 to 27 pupils.

In addition to bursaries, the School has engaged in other activities that provide benefit to the public. These include sharing our cultural and sporting facilities with local community groups, sharing ideas with local primary schools and staff involvement in supporting local community groups such as the Brownies and as a governor of a local pre-school.

Teaching links

Specific projects with local schools include

- Free provision of a STEAM day for 4 local primary schools;
- Free provision of Inset training for local schools;
- Collaboration on knowledge sharing across specific topics;
- Reciprocal agreement for training of NQT's with a local primary school;
- Provision of work experience for teachers undergoing their training;
- Free provision of our Food Technology rooms and teaching staff to a local school to allow them to participate in the 'Young Chef of the Year' award; and
- Free provision of our swimming pool and coaching staff to a local primary school for all year 6 pupils.

Community engagement and charitable activities

Other community activities during the year include:

- Regular letting of our facilities to local community and sports groups at heavily discounted rates;
- Use of our facilities at zero cost to local primary schools;
- Provision of mini-buses (including provision of a driver) for local schools allowing them to take part in local events;
- Forming links with Glebe Court in Watton at Stone, performing concerts, and welcoming the elderly residents to the School for lunch and watching a nativity play;
- Delivering Harvest Gift bags to the residents at Glebe Court and a local food bank;

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- Involvement in the Heath Mount Challenge 2020, which was to walk, run, cycle or swim 2020 miles to raise funds for the East and North Hert's hospital, with the pupils completing a staggering 2,575 miles between them and smashing the £2,020 target by raising a total of £5,182;
- Rather than donating money for the Christmas Jumper day, our pupils brought a food donation and we donated 152kg of supplies to the foodbank in Broxbourne;
- Formation of a virtual choir, the 'sing' project with pupils aged 9-13 performing Gary Barlow's 'Sing' to thank NHS staff;
- Taking part in 'odd socks' day to support Anti Bullying week;
- 4 staff members taking part in Movember, raising £675 whilst growing some rather fetching moustaches;
- Allowing the police dog section bring their specialist search dogs on several occasions to the school for training, utilising the main house as a search base;
- Sports fixtures and coaching with local state schools such as the Heath Mount Primary Football tournament;
- Providing art work and concerts for the local church; and
- Continuing to support the Dalit foundation and raising a further £1,350 to sponsor children at the Loyola and Kapepaladi Schools, with Year 8 pupils visiting the Schools in January.

We are also grateful to the ongoing support from our parents Association, the Du Maurier Society. In January 2020, the Du Maurier Society delivered a new minibus to the school with funds raised from their own activities.

The School does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, the School considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities should be unreasonably persistent or place undue pressure on a person to give money or other property.

EMPLOYMENT POLICIES AND SAFEGUARDING

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

Employees are made aware of the financial and economic performance of the School. Communication with employees continues through normal management channels in a variety of forms.

The Governors are committed to safeguarding and promoting the welfare of the pupils and expect the staff and volunteers to share this commitment. All those who work or assist in the School undergo the necessary regulatory checks, and the panel that interviews them will contain at least one member who has successfully undertaken an appropriate course of Safer Recruitment.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

At the end of August 2020, we had 484 pupils on roll.

The COVID-19 pandemic has led to a disruptive year for both pupils and staff, and on March 23rd 2020, the school closed its physical site in line with Government Guidance to all children apart from those of Key Workers. The School immediately went into remote learning, and after the Easter holidays, launched a ‘virtual school’, delivering an entire timetable to pupils from Nursery through to Year 8 using Zoom. This not only included the core subject lessons, but also delivered a full curriculum of Art, DT (including textiles and food technology), music, sports, choirs and scholars sessions. Weekly packs were dispatched to pupils in Year 4 and below, with Year 5 and above utilising Microsoft OneNote to access packs. From making instruments in DT, to then playing them in ensembles in music, the children continued to be engaged and learning throughout the term.

The School reduced the school fees by 17% for years 1-8, 30% for Reception and 50% for Nursery. Nursery were limited to morning sessions only during this period.

The School took advantage of the Government Furlough scheme, and furloughed all non-essential staff especially across the support function. A core of Teaching Assistants delivered the Key Worker School with the children joining in the lessons on Zoom with their classes.

Parental feedback was excellent, with a survey showing that 100% of respondents felt that the School had provided adequate resources to support the child’s learning, and over 85% felt that the level and amount of work provided had been about right. This was alongside a multitude of positive comments and commendations to the School and staff.

The School reopened its doors to Nursery, Reception, Year 1 and Year 6 after half term, shortly followed by Years 2-5, and Years 7-8 for the last few weeks of term ensuring every pupil who wished to return to a classroom environment was able to. Zoom lessons continued for those who were unable or did not wish to return. A Year 8 leavers programme took place around the Woodhall Estate thanks to the generosity of the Abel-Smiths who allowed all year groups to access walks through the Estate, and the Year 8’s to conduct a survival programme.

Academic

In 2020, the School continued its excellent performance in the attainment of scholarships to senior schools. 64% of our leavers gained at least one award to their senior school of choice. We were delighted to be featured in Professor Guy Claxton’s latest book, *Powering Up Your School*, with our pupils’ resilience, adaptability and determination being mentioned. The book, written in the latter half of 2019, was an eerily prescient observation.

At the start of 2019, the Year 7 Communications team introduced a new initiative in the form of the Smart School Council which provides every pupil with a voice to help facilitate change. Sponsored events and key whole school decisions have been facilitated by this superb child-driven initiative.

Sport

The Michaelmas term was a ground-breaking term for sport, with not only every boy from Years 3-8 representing the school in football on numerous occasions, but for the first time ever we had girls playing in football and rugby matches too. We had 12 teams playing in the annual Primary School Football Festival from

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many of our local state schools. We were privileged to have former England Player Kieran Bracken refereeing some of our matches, and former Scotland captain and Saracens academy coach Kelly Brown coaching some of our teams.

In Hockey, our U11 Boys enjoyed a successful term, playing in some major tournaments, winning the Herts Schools Competition and qualifying for the Eastern Championships. The Girls also had an excellent season, being placed 3rd in the County for our Senior team, and taking the County Champions in the U11's.

Sadly, our Netball term was cut short through COVID-19, but before the season was cut short, our U10 team managed to retain the U10 Haileybury Cup, and our Year 7 and 8's had a special masterclass with Stacey Francis, the inspirational England International.

In swimming, again the successes of the squad were cut short by the pandemic, with 36 pupils having swum in the IAPS qualifiers against 4,500 swimmers from across the UK. The results were amalgamated, and seven of our relay teams and individual swimmers finished in the top 20 and would have qualified for the National Finals.

Many of our usual cross country events could not take place because of the COVID-19 pandemic, but not before our Year 5 boys had an impressive County level win in the teams event at the Herts Schools championships, and our U9 Girls and U11 Boys winning at the Beechwood Park competition.

Music

Prior to the lockdown, the pupils had already had an action packed couple of terms, ranging from the nativities and entertaining Grandparents in Year 3 and 4, to the annual Carol Service. The Bax choir performed to the elderly residents at Glebe Court and at the Salvation Army Christmas Concert in Letchworth. They also performed at the Barnardo's National Choral Competition at the Royal Festival Hall. Failing to let lockdown get in the way of their performances, the Bax Choir collaborated with the legendary Mezzo-soprano Katherine Jenkins, Marisha Wallace and the London Concert Orchestra to record the World in Union. It was released at the end of June and had over 70,000 views. In addition, Mr and Mrs Hembrough, the School's talented violinists performed as part of the London Concert Orchestra.

Art

After our success in the Royal Academy of Arts show last year, a further selection of artworks were submitted alongside over 17,000 other pieces from across the country. It is staggering that the March of the Penguins, a group ceramic piece of 19 penguins was selected in addition to 2 other pieces. The Art Scholars received a special Art Workshop from the Royal Academy thanks to the Presidents Award gained at the Royal Academy Art show last year. Closer to home, 2 of our pupils took home prizes for the Hertfordshire campaign to Protect Rural England, with Heath Mount being awarded the overall Winning School prize.

Within the School, it has been an action packed year in animation and Art classes with lessons varying from Year 3's stop motion films, animating fire-breathing dragons with coloured paper, to Year 6 working on sculpting techniques based on Van Gogh style sunflowers. In clubs our artful children have even delved into the glamorous world of former Heath Mount Pupil Cecil Beaton.

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Marketing

This year the School was included in the 2020-21 Tatler schools guide (the top prep and public schools in the country) as well gaining full entry into the Good Schools Guide after being visited by one of their team. We were also shortlisted for the Independent Prep School of the Year.

FINANCIAL REVIEW

Total income for the year totalled £7,127,734 (2019: £7,276,826) and total expenditure amounted to £7,010,047 (2019: £7,174,629), resulting in a surplus of £117,687 (2019: £102,197). This included Grant Income of £180,488 relating to the Coronavirus Job Retention scheme.

Included in the above was £24,168 (2019: £27,640) that was donated by the Du Maurier parents association for a new minibus.

The School endeavours to achieve best value for money through effective procurement and better use of school resources. Year on year we have seen a growth in income through increased pupil numbers, fees and hire of facilities.

The School drew down a £500,000 Coronavirus Business Interruption Loan in July 2020 as a precaution to ensure availability of liquidity in the event of any potential downside scenario as a result of the COVID-19 pandemic. As at 31st August 2020, the School had cash at bank and short term deposits of £1,828,145 (2019: £1,332,031).

The Governors continue to reinvest any surplus in facilities across the School and repaying the bank loans.

RESERVES POLICY AND FINANCIAL VIABILITY

The Governors carefully monitor the School's cash flow to ensure that it maintains sufficient working capital for its future operations. Their policy is normally to maintain minimum liquidity (defined as liquid assets plus undrawn credit facilities) equivalent to eight weeks' expenditure.

As at 31 August 2020 the Charitable Company had total reserves of £5,756,114.

The Governors' policy is that General funds should ideally represent between four and twelve weeks' expenditure (£0.5 – £1.5m) but may vary outside this range depending on the status of new building development plans. As at 31 August 2020 the Charitable Company had General funds of £1,051,501 (2019 - £933,814) which the Governors believe is sufficient to cover the purposes for which they are intended.

The designated fund of £4,704,613 represents the reserves for Buildings and Capital expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

GOING CONCERN

The financial statements of the School have been prepared on the basis that the School is a going concern and will continue operations for the foreseeable future. In assessing this, the Trustees have considered the impact

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of different potential scenarios on the School's income, costs and cash flow requirements. The uncertainties under consideration include the loss of pupils through an economic downturn and further periods of school closure with consequential impact on income and costs, alongside inadequate Government support. The School has taken and will continue to take a number of measures to monitor and prevent the effects of the COVID-19 virus. This includes safety and health measures for our staff (like social distancing and working from home), securing additional financing that could be used in the event of a downturn and communicating to our pupils and parent body. In the event of a further lockdown for pupils, the School has prepared a timetable for pupils to return to a virtual education, and the School would continue to make use of any Government support available at the time.

The School focuses closely on delivering value for money to ensure that any fee rises can be kept to a minimum while continuing to deliver high educational standards. Increasing financial pressures including those from the impending Teachers Pensions contribution rises, the withdrawal of business rate relief and the uncertainty around Brexit all remain significant risks in addition to those raised by the COVID-19 pandemic.

Based on the facts and circumstances known at this time, and the possible scenario about the COVID-19 virus and Government measures, the Governors are confident that the going concern assumption is warranted with no material uncertainties.

Risk Management

The Governors are satisfied that the major risks have been identified and mitigated through the established risk management processes. It is recognised that systems can only provide reasonable but not absolute assurance the major risks have been adequately managed.

The Board of Governors has overall responsibility for the identification and management of risks. The key controls used by the Charity include:

- A Strategy committee is responsible for setting the overall strategic direction and plan, and delegating to the Senior Management team for delivery;
- Governance committee which oversees the review of policies;
- Risks allocated to individual sub committees for review;
- Agendas and minutes for all meetings of the Governing bodies and its sub-committees;
- Comprehensive strategic planning to inform the budget and development processes;
- Formal written policies; and
- A safer recruitment process which includes a Disclosure and Barring service check and references for all those who come into regular contact with our pupils.

FUTURE PLANS

The School continues to invest in its staff and infrastructure as well as working closely with the Woodhall Estate on our Landscape Masterplan which forms the basis of our long term Strategic Development Plan. With the ongoing challenges facing the Independent sector, we have taken the decision to stop all major capital expenditure for the short term and are looking at small projects to support the extension to the pre-prep car park.

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The focus remains firmly on maintaining our academic expectations across the board to ensure that every pupil reaches his / her full potential. We will also be investing in upgrades to existing infrastructure, and placing even more emphasis on targeting pastoral well-being.

The improvement of facilities is under constant review, and small capital projects completed during the year include:

- Internal redesign and renovation of the Sports hall and reception area.
- Enhancement of our IT infrastructure.
- Creating facilities to enable us to be Covid-19 compliant.

Staff development is key and we continue to invest in high quality staff and development opportunities. Our 2 trainee teachers both successfully completed their NQT year and remain within the School. During 2020-21, we have 1 further trainee in the school.

STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The Governors (who are also the directors of Heath Mount School Trust Ltd for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). Under that law the Governing Body is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law. The Governing Body members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period.

In preparing these financial statements, the Governing Body members are required to:

- select the most appropriate accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 Charitable Company will continue in business.

The members of the Governing Body are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions, 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 and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Relevant audit information

Insofar as each of the Governors, as directors of the Charitable Company, at the date of approval of this report is aware there is no relevant audit information (information needed by the Charitable Company's auditor in connection with preparing the audit report) of which the Charitable Company's auditor is unaware. Each member of the Governing Body has taken all the steps that he or she should have taken as a member of the Governing Body in order to make himself or herself aware of the relevant audit information and to establish that the Charitable Company auditor is aware of that information.

This report, which incorporates the Strategic Report, was approved by the Governors on 2nd December 2020 and signed on its behalf by

Juliette Hodson

Mrs Juliette Hodson
Chair of Governors
2nd December 2020

Independent auditor's report to the members of Heath Mount School Trust Limited

Opinion

We have audited the financial statements of Heath Mount School Trust Limited for the year ended 31 August 2020 which comprise the Statement of Financial Activities, Balance Sheet, 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 state of the Charitable Company's affairs as at 31 August 2020 and of the Charitable Company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Governors are responsible for the other information. The other information comprises the information included in the Governors' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which incorporates the Strategic Report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report (which incorporates the Strategic Report and the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the Directors' report).

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

- adequate accounting records have not been kept by the Charitable Company; or
- the Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 13, the Governors (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

HEATH MOUNT SCHOOL TRUST LTD

INDEPENDENT AUDITORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our Report

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

David Sewell

.....
David Sewell (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
07 December 2020

10 Queen Street Place
London
EC4R 1AG

HEATH MOUNT SCHOOL TRUST LTD
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2020
(Incorporating Income & Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
INCOMING FROM					
Charitable Activities					
School fees	2	6,779,904	-	6,779,904	7,141,701
Ancillary trading income	3	117,695	-	117,695	55,012
Other Trading Activities					
Other income	4	16,427	-	16,427	37,550
Investment Income					
Bank and other interest	5	2,164	-	2,164	2,923
Income from Donations and Grants					
Government Grants and Donations	6	180,488	31,056	211,544	39,640
TOTAL INCOME		<u>7,096,678</u>	<u>31,056</u>	<u>7,127,734</u>	<u>7,276,826</u>
EXPENDITURE					
Raising Funds					
Financing Costs	7	47,054	-	47,054	44,170
Charitable Activities					
Education and grant making	8	6,931,937	31,056	6,962,993	7,130,459
TOTAL EXPENDITURE		<u>6,978,991</u>	<u>31,056</u>	<u>7,010,047</u>	<u>7,174,629</u>
NET INCOME BEFORE TRANSFERS		117,687	-	117,687	102,197
Transfer between funds		-	-	-	-
NET MOVEMENT IN FUNDS AFTER TRANSFERS		<u>117,687</u>	-	<u>117,687</u>	<u>102,197</u>
RECONCILIATION OF FUNDS					
Funds as at 1 September 2019		5,638,427	-	5,638,427	5,536,229
FUNDS CARRIED FORWARD AT 31 AUGUST 2020	16	<u><u>5,756,114</u></u>	<u><u>-</u></u>	<u><u>5,756,114</u></u>	<u><u>5,638,427</u></u>

The notes on pages 21 to 34 form part of these financial statements.

HEATH MOUNT SCHOOL TRUST LTD**BALANCE SHEET****AS AT 31 AUGUST 2020**

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		6,762,293		6,966,080
CURRENT ASSETS					
Stock		4,910		9,114	
Debtors	12	291,162		325,700	
Cash at bank and short term deposits		1,828,145		1,332,031	
		<u>2,124,217</u>		<u>1,666,845</u>	
CREDITORS: amounts falling due within one year	13	<u>(1,358,986)</u>		<u>(1,517,188)</u>	
NET CURRENT ASSETS			<u>765,232</u>		<u>149,657</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,527,525</u>		<u>7,115,737</u>
CREDITORS: amounts falling due after more than one year	14		<u>(1,771,411)</u>		<u>(1,477,310)</u>
NET ASSETS			<u><u>5,756,114</u></u>		<u><u>5,638,427</u></u>
FUNDS					
Unrestricted funds:					
General fund	16	1,051,501		933,814	
Designated funds	16	4,704,613		4,704,613	
Restricted funds	16	<u>-</u>		<u>-</u>	
TOTAL FUNDS			<u><u>5,756,114</u></u>		<u><u>5,638,427</u></u>

The financial statements were approved and authorised for issue by the Board of Governors on 2nd December 2020 and were signed below on its behalf by:

Juliette Hodson

Juliette Hodson
Chair of Governors

James Steel

James Steel
Chair of Finance Committee

The notes on pages 21 to 34 form part of these financial statements.

HEATH MOUNT SCHOOL TRUST LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	2020		2019	
CASH FLOWS FROM OPERATING ACTIVITIES	£	£	£	£
Net cash inflow from operations				
Net cash provided by operating activities	18	340,291		494,868
Cash flows from investing activities				
Payments to acquire tangible fixed assets	(186,126)		(402,168)	
Investment income	2,164		2,923	
Net cash used in investing activities		(183,962)		(399,245)
Cash inflow before financing		156,329		95,623
Cash flows from financing activities				
Repayments	(113,160)		(66,720)	
Bank borrowings	500,000		-	
Finance costs paid	(47,054)		(44,170)	
Net cash inflow (outflow) from financing		339,786		(110,980)
Change in cash and cash equivalents in the reporting period		496,115		(15,267)
Cash and cash equivalents at the beginning of the reporting period		1,332,031		1,347,298
Cash and cash equivalents at the end of the reporting period		1,828,146		1,332,031

RECONCILIATION OF NET DEBT	1st September 2019	Cash-flows	Other Non Cash changes	31st August 2020
	£	£	£	£
Cash	1,332,031	496,115	-	1,828,146
Loans falling due within one year	(91,240)	113,160	(171,203)	(149,283)
Loans falling due after more than one year	(1,442,614)	(500,000)	171,203	(1,771,411)
Total	(201,823)	109,275	-	(92,548)

The notes on pages 21 to 34 form part of these financial statements

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1st January 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

As highlighted in the Governors' Report, having assessed the School's financial position, the plans for the foreseeable future, the risks to which the School is exposed and the detailed cash projections, the Governors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 3rd July 1970 (company number: 983758) and is also registered as a charity number 311069.

Critical Accounting Judgements and key sources of estimation uncertainty

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

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

The Governors consider the following items to be areas subject to estimation and judgement:

Depreciation:

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that accrual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

1.2 Going Concern

At the time of approving the financial statements and despite the impact of COVID-19 the Governors have assessed the charity's forecasts and plans for the coming twelve months. They have noted the financial handling of the School during this crisis and the support that parents have demonstrated during the period of lockdown. They have noted the increased pupil numbers from September 2020 and the increased numbers for future years alongside waiting lists in several year groups. They have concluded that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Governors continue to adopt the going concern basis of accounting in preparing the financial statements and have concluded that there are no material uncertainties at this time

The following principal accounting policies have been applied:

1.3 Income

All income and endowments are recognised when the criteria of entitlement, measurement and probability of receipt have been satisfied.

Interest is included on an accruals basis.

Donations and legacies and other voluntary income

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Donations received for the general purposes of the School are credited to Unrestricted Funds. Donations subject to the specific wishes of the donors are credited to the relevant Restricted Funds, where the amount is held as expendable capital, or to Endowment Funds.

Legacies are recognised when the School has entitlement to the funds, the amount can be reliably quantified and the economic benefit to the School is considered probable. Entitlement is the earlier of the School being notified of an impending distribution or the legacy being received.

Government revenue grants are recognised on a systematic basis over the periods in which the School recognises the related costs for which the grant is intended to compensate.

Fees and similar earned income

Fees receivable and charges for services and use of the premises are accounted for in the year in which the services are provided. Fees receivable are stated after deducting bursaries, scholarships and other remissions allowed by the School.

Registration fees are non-refundable and are credited to income when received.

Deposits are included as a liability until refunded or, on ceasing to be refundable, are credited to income. Advance fees are credited to income as and when they fall due.

1.4 Expenditure

Expenditure is accounted for on an accruals basis where there is a legal and constructive obligation to make a payment to a third party and the amount of the obligation can be measured reliably. Expenditure is allocated to the appropriate headings relevant to the charitable activities on a direct basis. Support costs mainly represent office administration. Irrecoverable VAT is charged to the Statement of Financial Activities as incurred. Governance costs comprise the costs of running the School, including strategic planning for its future development, external audit, legal advice and all the costs of complying with constitutional and statutory requirements. Charitable expenditure represents the costs of running the School including salaries, catering, premises and welfare costs. Costs of raising funds include non-ancillary trading, financing, investment management and fundraising and development costs.

1.5 Tangible Fixed Assets and Depreciation

All fixed assets are initially recorded at cost. Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £5,000 together with expenditure on vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £500 is capitalised and carried in the balance sheet at historic cost.

1.6 Depreciation

Depreciation is provided on fixed assets to write off the cost or valuation over their estimated useful economic lives at the following rates:

Buildings	-	4-50 years
Leasehold improvements	-	4-50 years
Fixtures, fittings and equipment	-	2-10 years

1.7 Operating lease agreements

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly on a straight-line basis over the lease term.

1.8 Fund accounting

The School has different types of funds;

- Restricted – where the purpose for which the funds may be used has been restricted by donors; and
- Unrestricted – where the fund is not restricted as to use other than in furthering the objects of the School. These include Designated Funds, where the funds are unrestricted but the Governors have designated them for a specific purpose.

1.9 Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and cash equivalents, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and cash equivalents is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Cash and cash equivalents

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

Debtors and creditors

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

Bank Borrowing

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

Advanced Fee Funds

The Charity has an advance fees scheme whereby parents and others make advance payments, which together with the discount accruing thereon, provide for a set contribution each term towards the pupils' fees. The capital portion outstanding is recognised as a liability and the amount of discount crystallised in the year is included in the Statement of Financial Activities.

Provisions for liabilities

Provisions are made where an event has taken place that gives the School a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation.

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1.10 Staff Benefits Including Pension costs

The school contributes to the following schemes:

- i. The Teachers' Pension Scheme. This is a multi-employer pension scheme and it is not possible to identify the School's share of the underlying assets and liabilities on a consistent and reasonable basis. As required by FRS 102, the School therefore accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- ii. a contributory Group Personal Pension Plan. This is a defined contribution scheme, contributions to the plan are made in accordance with the rules of the plan and are charged to expenditure when they are payable. Pension costs are charged as a percentage of salaries and paid over to the Pensions Trust on a monthly basis..

Short term benefits

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accruals basis and in accordance with FRS 102.

	2020	2019
	£	£
2. CHARITABLE ACTIVITIES – SCHOOL FEES		
Fees	7,219,814	7,454,983
Boarding fees	74,014	121,271
Fees in lieu of notice	-	14,348
Gross fees	<u>7,293,828</u>	<u>7,590,602</u>
Bursaries	(134,742)	(78,378)
Scholarships	(32,311)	(37,683)
Other Fee Discounts	(346,871)	(332,840)
	<u>6,779,904</u>	<u>7,141,701</u>

Bursaries totalling £134,742 were paid to 27 pupils including £6,888 to a COVID-19 hardship fund. (2019: £78,378 to 11 pupils).

Scholarships totalling £32,311 were paid to 27 pupils (2019: £37,683 to 25 pupils)

	2020	2019
	£	£
3. ANCILLARY TRADING INCOME		
Registration fees	8,150	7,600
School trips and activities	83,528	5,627
Other Income	26,017	41,785
	<u>117,695</u>	<u>55,012</u>

HEATH MOUNT SCHOOL TRUST LTD**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020**

4. OTHER INCOME	2020	2019
	£	£
Lettings	13,924	33,674
Transport Recoveries	2,503	3,876
	<u>16,427</u>	<u>37,550</u>

5. BANK AND OTHER INTEREST	2020	2019
	£	£
Bank interest receivable	2,164	2,923
	<u>2,164</u>	<u>2,923</u>

6. GRANTS AND DONATIONS	2020	2019
	£	£
Donations	31,056	39,640
Government CJRS grant	180,488	-
	<u>211,544</u>	<u>39,640</u>

£24,168 donation relates to the purchase of a minibus through a restricted donation, £6,888 to donations towards the COVID-19 bursary fund and £180,488 relates to claims through the Coronavirus Job Retention Scheme utilised during the period of school closure.

7. FINANCE AND OTHER COSTS

	2020	2019
	£	£
Bank charges and interest	47,054	44,170

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

8. ANALYSIS OF EXPENDITURE

	Staff costs £	Other £	Depreciation £	2020 £	2019 £
Charitable expenditure:					
School Activities					
Teaching	4,088,251	152,336	36,755	4,277,342	4,328,002
Welfare	250,030	612,097	-	862,127	961,288
Premises	183,194	475,284	285,929	944,407	742,462
Support and governance costs	504,441	307,447	67,229	879,117	1,098,167
Total	<u>5,025,916</u>	<u>1,547,164</u>	<u>389,913</u>	<u>6,962,993</u>	<u>7,129,918</u>

Support costs include governance costs related to the one activity of running the School. Governance costs total £15,643 (2019 £13,725) and include the audit fee. Other support costs comprise:

	2020	2019
Legal and professional fees	36,324	48,944
Telephones, postage, stationery and other costs	186,802	261,481
Advertising, marketing & PR expenditure	41,624	57,501
Transport, trips including related costs	40,174	16,146
Other costs	2,523	41,391
Total	<u>307,447</u>	<u>425,463</u>

COMPARATIVE FIGURES: ANALYSIS OF EXPENDITURE

Charitable expenditure:	Staff costs £	Other £	Depreciation £	2019 £	2018 £
School Activities					
Teaching	3,958,602	322,645	46,755	4,328,002	4,188,364
Welfare	228,081		-	961,288	825,883
Premises	-	468,024	274,437	742,461	838,010
Support and governance	615,795	425,463	94,395	1,098,167	1,009,997
	<u>4,802,478</u>	<u>1,911,854</u>	<u>415,587</u>	<u>7,129,918</u>	<u>6,862,254</u>

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

9. STAFF COSTS	2020	2019
	£	£
Total staff costs comprised:		
Wages and salaries	4,019,583	3,971,805
Social security costs	381,466	371,558
Pension contributions	624,867	459,115
	<u>5,025,916</u>	<u>4,802,478</u>

None of the Governors received any remuneration or other benefit from the School or from any connected body. No reimbursements were made to Governors during the year (2019: Nil). See note 17 for further details. No termination payments were made during the year (2019: £19,878)

Average number of employees in the year:	2020	2019
	No.	No.
Teaching staff	103	105
Support staff	36	37
	<u>139</u>	<u>142</u>
Number of employees with emoluments in the following bands:		
£60,000 - £69,999	2	3
£70,000 – £79,999	2	2
£100,000 - £109,999	-	1
£110,000 - £115,000	1	-
	<u>5</u>	<u>6</u>

Employer pension contributions for the higher earners total £75,899 (2019:£66,410)

	2020	2019
Aggregate employee benefits of Key Management Personnel	583,906	586,047

10. NET INCOME FOR THE YEAR	2020	2019
	£	£
This is stated after charging:		
Staff pension contributions	624,867	459,114
Depreciation	389,913	415,587
Auditors' remuneration:		
- audit of financial statements (excluding VAT)	12,500	11,200
-for other services (excluding VAT)	2,525	2,525

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

11. TANGIBLE FIXED ASSETS	Buildings	Short L/hold Improvements	Motor Vehicles	Furniture and Equipment	IT	Total
	£	£	£	£	£	£
Cost						
At 1 September 2019	8,157,431	1,650,588	163,421	351,245	719,954	11,042,639
Additions	77,433	16,032	28,368	39,713	24,580	186,126
Disposals	-	-	-	(23,133)	(145,671)	(168,804)
At 31 August 2020	<u>8,234,864</u>	<u>1,666,620</u>	<u>191,789</u>	<u>367,825</u>	<u>598,863</u>	<u>11,059,961</u>
Depreciation						
At 1 September 2019	1,882,787	1,265,674	110,179	266,059	551,859	4,076,559
Charge for the year	199,558	69,434	16,938	36,754	67,229	389,913
Disposals	-	-	-	(23,133)	(145,671)	(168,804)
At 31 August 2020	<u>2,082,345</u>	<u>1,335,108</u>	<u>127,117</u>	<u>279,680</u>	<u>473,417</u>	<u>4,297,668</u>
Net Book Value						
At 31 August 2020	<u>6,152,519</u>	<u>331,512</u>	<u>64,672</u>	<u>88,145</u>	<u>125,446</u>	<u>6,762,293</u>
At 31 August 2019	<u>6,274,644</u>	<u>384,913</u>	<u>53,241</u>	<u>85,186</u>	<u>168,094</u>	<u>6,966,080</u>

12. DEBTORS	2020	2019
	£	£
School fees	187,314	158,569
Prepayments	88,345	158,713
Other Debtors	15,503	8,417
	<u>291,162</u>	<u>325,700</u>

13. CREDITORS: amounts falling due within one year	2020	2019
	£	£
Bank loans	149,283	91,240
Trade creditors	56,235	70,792
Autumn 2020 fees received in advance	730,104	737,747
Advance fee payment schemes	49,344	128,585
Pupil deposits	328,550	278,750
Other creditors	14,710	75,077
Accruals	30,760	134,997
	<u>1,358,986</u>	<u>1,517,188</u>

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

14. CREDITORS: amounts falling due after more than one year	2020	2019
	£	£
Bank loans	1,771,411	1,442,614
Advance fee payment schemes	-	34,696
	<u>1,771,411</u>	<u>1,477,310</u>

Advanced fee payments:

Parents may enter into a contract to pay to the School up to the equivalent of five years' tuition fees in advance and the amount received forms part of the School's working capital. It is treated as deferred income, until the pupil's fees become due whereupon the fees for each school term are charged against the remaining balance and taken to income.

A discount rate is agreed at the contract's inception and this is treated as a deduction from the school fee income in the relevant period. The money may be returned subject to specific conditions on the receipt of one term's notice.

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

	2020	2019
	£	£
After 5 years	-	-
Within 2 to 5 years	-	-
Within 1 to 2 years	-	34,696
	<u>-</u>	<u>34,696</u>
Within one year	49,344	128,585
	<u>49,344</u>	<u>163,281</u>

The balance represents the accrued liability under the contracts, and the movements during the year were:

	2020	2019
	£	£
Balance at 1 September 2019	163,281	183,060
New contracts	-	76,053
	<u>163,281</u>	<u>259,113</u>
Amounts utilised in payment of fees	(113,937)	(95,832)
Balance at 31 August 2020	<u>49,344</u>	<u>163,281</u>

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

14. CREDITORS: amounts falling due after more than one year (continued)

Bank loans:

The bank loan creditor falling due within one year and after more than one year is secured by the company and is disclosed as follows:

	2020 £	2019 £
After 5 years	1,044,651	1,077,655
Within 2 to 5 years	540,441	273,719
Within 1 to 2 years	186,320	91,240
	<u>1,771,412</u>	<u>1,442,614</u>
Within one year	149,283	91,240
	<u>1,920,695</u>	<u>1,533,854</u>

The bank loans, including the additional CBILS loan for £500k are secured by a first legal charge over the leasehold of Heath Mount School Trust Ltd as follows:

- A 1st legal charge over Commercial Leasehold Property known as Land/bldgs at Woodhall Park, Watton-at-Stone, Hertfordshire SG14 3NG relating to an unlimited debenture dated 27th Jan 2017.
- An unlimited debenture incorporating a fixed and floating charge over all property and undertaking of the Charitable Company.

During the financial year 2019/20, the School took out a Coronavirus Business Interruption Loan (CBILS) to mitigate any potential downside scenario as a result of the COVID-19 pandemic. The loan is for £500,000 over a 6 year period, with a 6 month capital repayment holiday and the interest costs covered by a Business Interruption Payment (BIP) from the Government for a period of 12 months. The interest rate is at 1.75% plus the Bank of England interest rate.

15. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2020, the Charitable Company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land and buildings	
	2020 £	2019 £
Operating leases which expire:		
Within 1 year	181,292	169,791
Within 2 to 5 year	664,583	550,000
In more than 5 years	2,336,000	2,680,758
	<u>3,181,875</u>	<u>3,400,549</u>

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

16. STATEMENT OF FUNDS	Balance at 1 September 2019 £	Incoming Resources £	Resources Expended £	Gains/Loss Revaluation & Transfers £	Balance at 31 August 2020 £
Unrestricted funds					
General funds	933,814	7,096,678	(6,978,991)	-	1,051,501
Designated funds					
Building and Capital improvement fund	4,704,613	-	-	-	4,704,613
Total Unrestricted funds	5,638,427	7,096,678	(6,978,991)	-	5,756,114
Total Restricted funds	-	31,056	(31,056)	-	-
Total Unrestricted funds	<u>5,638,427</u>	<u>7,127,734</u>	<u>(7,010,047)</u>	<u>-</u>	<u>5,756,114</u>

The Buildings and Capital improvement fund reflects the Charitable Company's investment in existing buildings and the construction of a new classroom block and Performing Arts Centre.

STATEMENT OF FUNDS	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains/Loss Revaluation & Transfers £	Balance at 31 August 2019 £
Unrestricted funds					
General funds	933,814	7,249,186	(7,146,989)	(102,197)	933,814
Designated funds					
Building and Capital improvement fund	4,602,415	-	-	102,197	4,704,613
Total Unrestricted funds	5,536,229	7,249,186	(7,146,989)	-	5,638,427
Total Restricted funds		27,640	(27,640)	-	-
Total Unrestricted funds	<u>5,536,229</u>	<u>7,276,826</u>	<u>(7,174,629)</u>	<u>-</u>	<u>5,638,427</u>

17. RELATED PARTY TRANSACTIONS

As at 31st August 2020, 2 Governors had children who were pupils at the School during the year (2019: 3). School fees paid and discounts received were at the same rate and on the same terms as for all other parents of pupils at the school and amounted to £49,534 (2019: £66,180). The Governors are not involved in decision making processes relating to their own children. The child of one Governor received a scholarship worth £1,728 per annum. (2019: £3,116). The School made payments to one Governor for the rental of a property for £10,800 at commercial rates, (2019: £10,800). Governors are not remunerated for their duties; however, they may be reimbursed travelling costs to attend meetings from time to time. No Governors were reimbursed for travel costs in the year (2019: Nil) There were no Governor costs paid to third parties.

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

18. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2020	2019
	£	£
Net incoming resources before transfers	117,687	102,197
Elimination of non-operating cash flows:	-	-
Add: interest payable	47,054	44,170
Less: interest receivable	(2,164)	(2,923)
Loss on disposal of fixed assets	-	744
Depreciation	389,913	415,587
Decrease/(increase) in debtors	34,538	(157,297)
Increase/(decrease) in creditors	(250,940)	91,423
Decrease in stock	4,203	968
	<hr/>	<hr/>
Net cash inflow from operating activities	340,291	494,868
	<hr/> <hr/>	<hr/> <hr/>

19. PENSION COMMITMENTS

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 £553,061 (2019: £400,738) and at the year-end £Nil (2019 - £nil) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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

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

Support Staff Pension Fund

The School operates the following schemes for non-teaching staff: The Pensions Trust Pension Scheme which is a defined contribution scheme. The School contributes up to 10% of salary and the employees contribute no less than 2% of salary. Total employer contributions for the year were £71,805 (2019 - £ 58,387). Total contributions outstanding at 31 August 2020 amounted to £0 (2019 - 0).

20. ANALYSIS OF NET ASSET MOVEMENTS BETWEEN FUNDS

	General £	Designated £	Restricted £	2020 £
General funds				
Fixed Assets	2,057,680	4,704,613	-	6,762,293
Current Assets	2,124,218	-	-	2,124,218
Creditors: Less than 1 year	(1,358,986)	-	-	(1,358,986)
Creditors: Over 1 year	(1,771,411)	-	-	(1,771,411)
	1,051,501	4,704,613	-	5,756,114
Total general funds				2019
	£	£	£	£
Fixed Assets	2,261,467	4,704,613	-	6,966,080
Current Assets	1,666,845	-	-	1,666,845
Creditors: Less than 1 year	(1,504,626)	-	-	(1,540,626)
Creditors: Over 1 year	(1,489,872)	-	-	(1,489,872)
	933,814	4,704,613	-	5,638,427

HEATH MOUNT SCHOOL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

21. STATEMENT OF FINANCIAL ACTIVITIES COMPARISON 2019

	Unrestricted funds		Restricted Funds	Total 2019
	General Funds	Designated Funds		£
	£	£		
INCOMING FROM				
Charitable Activities				
School fees	7,141,701	-	-	7,141,701
Ancillary trading income	55,012	-	-	55,012
Other Trading Activities				
Other income	37,550	-	-	37,550
Investment Income				
Bank and other interest	2,923	-	-	2,923
Income from Donations and Legacies				
Grants and donations	12,000	-	27,640	39,640
TOTAL INCOME	<u>7,249,186</u>	<u>-</u>	<u>27,640</u>	<u>7,276,826</u>
EXPENDITURE				
Raising Funds				
Financing Costs	44,170	-	-	44,170
Charitable Activities				
Education and grant making	7,102,819	-	27,640	7,130,459
TOTAL EXPENDITURE	<u>7,146,989</u>	<u>-</u>	<u>27,640</u>	<u>7,174,629</u>
NET INCOME BEFORE TRANSFERS	<u>102,197</u>	<u>-</u>	<u>-</u>	<u>102,197</u>
Transfer between funds	<u>(102,197)</u>	<u>102,197</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS AFTER TRANSFERS	<u>-</u>	<u>102,197</u>	<u>-</u>	<u>102,197</u>
RECONCILIATION OF FUNDS				
Funds as at 1 September 2018	<u>933,814</u>	<u>4,602,415</u>	<u>-</u>	<u>5,536,229</u>
FUNDS CARRIED FORWARD AT 31 AUGUST 2019	<u>933,814</u>	<u>4,704,613</u>	<u>-</u>	<u>5,638,427</u>