



Annual Report and Accounts

Reed's School

For the year ended 31 August 2020

Reed's School
Annual report of the Trustees for the year ended 31 August 2020

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Reed's School

Annual report of the Trustees for the year ended 31 August 2020

Patron
Her Majesty The Queen

The Governors of Reed's School, who are also the Trustees of the Foundation, present their annual report for the year ended 31 August 2020 under the Charities Act 2011, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Act, its Constitution and the Charities Statement of Recommended Practice on Accounting and Reporting (Charities SORP (FRS102)).

Principal activity

Reed's School, based in Cobham, principally provides education for boys from the ages of 11 to 18 and girls in the Sixth Form. In the year under review, the School averaged 733 (2019: 716) pupils. Registrations for future years are healthy.

On 31 October 2019 Ripley Court School merged into Reed's School. Ripley Court School was at the time of the merger a co-educational school for children aged 3-13, based in the village of Ripley in Surrey (further details on page 30).

The School welcomes pupils from all backgrounds, and is an equal opportunity organisation, committed to an ethos that is free from any form of discrimination.

All Trustees give their time voluntarily and receive no benefit from the charity. Any expenses reclaimed from the charity are set out in note 3(b) to the financial statements.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable objects

The objects of the Foundation, as set down in the Act and Constitution, are to advance the education of boys and girls who come within one or more of the following categories and, in particular, boys and girls who, in the opinion of the Governors, are in need of financial assistance and pastoral care:-

- Boys or girls who have lost one or both parents; or
- Boys or girls who have been abandoned by their parents or guardians; or
- Boys or girls whose parents are divorced or separated and whose home life is, for any reason, unsatisfactory, unhappy or abnormal.

Aims and values

The School has a purposeful and nurturing ethos. The School has six aims: to develop each pupil's character so they leave Reed's as well-rounded individuals; to provide an environment where pupils can flourish; to promote academic excellence; to find the best in every pupil; to create a community for life and finally to prepare pupils for the future.

Inspired by the vision of the Founder, Andrew Reed, a central aim of Reed's School is to support children who have lost one or both parents, and the ethos of celebrating the pupils' successes and inspiring them to unlock their true potential is founded on outstanding pastoral care, excellent teaching and a philosophy of providing a breadth of opportunities for all the pupils.

Intended impact

Reed's is a dynamic and progressive school which aims to provide an excellent education that inspires its pupils to achieve their full potential, to prepare them for a rapidly changing world and equip them with the ability to think critically and independently. The School wants its pupils to have a global perspective and be young people who exhibit the core values of Integrity, Compassion, Curiosity, Resilience, Responsibility and Independence so that they leave Reed's as rounded individuals with a strong moral compass.

Public benefit

The School has had regard for the Charity Commission guidance on public benefit. The School provides a number of means-tested bursary awards to children who have lost the support of one or both parents and who

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are in need of pastoral care and financial assistance to enable them to attend the School. The desired target is about 10% of the pupil population and in this year there were 71 pupils, 9.7% (2019: 70, 9.8%).

The partnerships we have at Reed's School with over 40 State Primary and Secondary schools in economically deprived areas are a fundamental part of the School's core mission and values. The school was nominated for the 2020 TES award for Independent – State School Partnerships in recognition of our outreach work. In a typical year nearly 3,500 children from State schools benefit from these partnerships, in 2020 this was slightly lower due to COVID restrictions. We have achieved these figures by bringing together Reed's School, key operational charities, funding from trusts and individuals, and State schools.

In 2012, we established the Reed's Primary and Secondary Forum as a means to extend the reach of the Foundation and raise the aspirations and attainment of children in the State sector. The idea of the Forum is simple, to offer a programme of activities and events throughout the year which will enrich the pupils' current curriculum, raise aspirations, and are exciting and attainable for the schools and the pupils, all hosted at Reed's using our staff, pupils, and facilities.

In developing the Forum we build close relationships with the Head Teachers at our partner schools, partner with operational charities and bring together key funders. Our relationships with the schools allow us to evolve our programme of events to best meet the needs of their pupils; the list of schools we partner with continues to grow each year. Our operational partners, such as Chelsea FC Foundation, assist with the delivery of some programmes whilst also being exciting for the pupils. We offer a full range of programmes from sport to the arts to STEM across a variety of formats, including half day, full day and regular weekly activities. Recent programmes include Lego Robotics, Sports Olympiad, GCSE Tutoring, Launch Car Challenge, Drama workshops, RacketsCubed: a squash/maths/nutrition programme, and our 10 year partnership with Hinchley Wood School for CCF (Combined Cadet Force). We also open our facilities up to local schools for no charge or for a significantly reduced rate, including our swimming pool, sports hall, classrooms and sports grounds.

An added benefit of the programme is that by working closely with teachers at these partner schools potential Foundation pupils are identified, and provided with the opportunity to attend Reed's. Having visited Reed's in their primary years, the transition to a full-time pupil is more fluid. In several cases, not only have the children from the Forum attended the School, but in later years so have their siblings.

Grant-making policy

Founded in 1813 as the London Orphan Asylum, the Reed's Foundation is committed to providing educational and pastoral support for vulnerable children who have lost the support of one or both parents. Over 12,000 children have had their lives transformed through the work of the Foundation. These children have suffered from parental deaths, abandonment, abuse, and parental health issues, physical or mental. They each have the ability, but unfortunately not the means, to overcome these childhood traumas.

Andrew Reed, our Founder, believed that simply because a child had lost a parent they should not be condemned to a life of poverty and deprivation. He believed that by providing an education in a safe and caring environment these children could flourish. Continuing to build on the legacy of Andrew Reed is at the very core of all we do at the Foundation and the School today. A Foundation place at Reed's is not merely a financial package, it incorporates the specialist pastoral support that these children need to survive and thrive. Our team of Foundation staff, teachers, housemasters and support staff are all specially trained to assist these children and provide them with stability and love.

The core aims of the Foundation are simple, we want to help these vulnerable young children to overcome the traumas of their past, to define their futures as they want them to be, and to go into the world with self-confidence and self-belief so that they can succeed and make a difference.

Scholarships, bursaries and other awards are granted on the basis of the individual's educational potential or in accordance with the objects of the Charity and totalled £3.0 million (2019 £3.2 million). This included direct funding for Foundation pupils of £1,108k and a further £347k of funding from external supporters of the Foundation. The availability of all such awards for fee assistance is advertised on the School's website (www.reeds.surrey.sch.uk). The terms and conditions for each kind of award are available on request.

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STRATEGIC REPORT

Achievements

With the cancellation of the summer's public examinations, Reed's pupils were awarded grades through a process of centre-assessment in line with guidance provided by Ofqual. 57% of GCSE grades were awarded at grade 9 or 8 (2019: 52%) and 95% at grades 9 to 6 (2019: 89%), meaning that the vast majority of pupils were able to access the A Level courses of their choice in the new academic year. At A-Level, 63% of grades were awarded at A* or A (2019: 50%), the increase reflecting the continued development of academic standards at the school.

Given the nature of 2020, individual pupil achievement far outweighs these aggregate results in importance to the school. 139 students took up places for University through the 2020 application cycle; we were delighted to finish the year with four Oxbridge acceptances including a Veterinary Scientist at Cambridge plus four additional medics and an additional scholarship to study at UCL. Other popular institutions continue to be the Universities of Nottingham, Exeter, Bristol and Newcastle – all Russell Group Universities.

Beyond academic success, Reed's is proud of the way in which the whole community adapted to cope with the demands of continuing education during the period of school closure between March and July. Through embracing the opportunities provided by digital technology, the school was able to provide not only live lessons delivered remotely as its default methodology, but also to continue with a range of extra-curricular activity such as sporting challenges, musical ensembles, and artistic exhibitions, as well as key pastoral touchpoints such as year-group assemblies and chapel services.

Fundraising

The Development Office, through its fundraising activities continues to provide an important contribution to the School and its Foundation. The Development Office objectives align with the overall objectives of the School and are reviewed by the Governors and senior management within the School. The School is registered with the Fundraising Regulator and follows its fundraising standards. There were no complaints received about the School's fundraising approach.

During the year, the Development Office generated £1.0m and The Friends of Reed's School (FORS) kindly donated £17k. The breakdown of donations is as follows:

Foundation funding

Fundraising specifically to sponsor Foundation pupils and to run outreach programmes with primary and secondary schools totalled £739k, some of which is restricted giving and therefore part carried forward on the balance sheet. The Primary and Secondary Forums build links between Independent Schools, State Schools and business with the aim of raising aspirations and improving the performance of young people facing hardship.

Of this amount, £314k was raised via the Reed's School Annual Foundation Appeal and a further £450k was pledged for committed future funding to the Foundation (£764k in total). The Foundation Appeal has been held annually since 1815 and is one of the oldest continuous charitable appeals in the Country. This year's Appeal was led by David Laws and was strongly supported by individuals, trusts and foundations, City Livery companies, other companies, as well as the greater Reed's community

Endowment

Through the Growth Fund and the Cazenove Andrew Reed Bursary Fund, the Development Office has been focussing on building the School's endowment in order to ensure the long-term sustainability of the Foundation. The total amount raised in the year for these funds was £156k.

Capital fundraising

Fundraising for capital projects totalled £25k. This was comprised mainly of committed regular giving towards school facilities.

Investment performance

Under the Act and Constitution, the endowment and other funds are permitted to be invested in securities and

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property. This is represented in the accounts by freehold land, buildings and other School amenities, securities quoted on the Stock Exchange and other approved investment vehicles. The School's investments totalled £5.1m at the end of the year and generated a total return of 0.8% for the year. During 2019 the School used £1.5m to part finance major works to enhance classroom infrastructure. It is intended to rebuild the investment portfolio to the previous level over the next three years.

The Governors believe that the investments are appropriately managed to provide current income for the support of Foundation pupils while maintaining capital values for the long term.

FINANCIAL REVIEW

Results for the year

Net income amounted to £5,236k (2019: £970k) for the financial year ending 31 August 2020. This includes the gift of net assets from Ripley Court School at market value of £4,632k in the year. All surpluses generated are used to benefit the pupils through funding better facilities and through raising further the quality of education delivered. The wholly owned subsidiary, Reed's School Enterprises Limited, contributed to the School fund, mainly through the hiring out of the School's facilities sometimes at subsidised fee rates below commercial levels. Ripley Court School generated a loss in the financial year of (£143k) The consolidated net assets of the charity at 31 August 2020, principally land and buildings, were £31.7m (2019: £26.5m). This does not take account of the market value of the land and buildings at Reeds School which are included on the Balance Sheet at cost.

Reserves

The School's policy remains to build its reserves to fulfil the charitable purpose for which it was founded, to fund continuing investment and improved infrastructure and facilities and to maintain adequate free reserves to enable the School to meet any unforeseen emergency from its own resources. The School aims to achieve these reserves by means of annual operating surpluses and judicious management of its investment assets, supplemented by periodic appeals for both specific and general purposes.

At 31 August 2020, the free reserves (excluding designated and restricted funds and tangible fixed assets, less loans to fund their purchase) were £6.2m (2019: £2.5m). This represents 18 (2019: 8.5) weeks' expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

Political and economic risks

Governors continue to monitor developments the prospects for the UK economy consequent on the substantial dislocation caused by the Covid-19 pandemic. In addition the UK's exit from the European Union may produce changes to the UK economy. Both these matters may have adverse effects on the School, its staff and fee payers. A change in future Government may result in the removal of charitable status for tax purposes and the imposition of VAT on school fees, both of which would significantly impact fee affordability.

The Covid-19 pandemic had a significant impact on the School during the summer term. The fee discount given in the Summer Term reduced the School's income although this was offset by costs savings made with major suppliers and the Government's return to work scheme. The pandemic continues to present challenges and there is concern that further lockdowns could lead to another closure of the school site and create issues with affordability of fees for parents. The costs of making the School COVID compliant have also impacted the School's forecast for the forthcoming year.

The School is currently full with a strong pipeline of future entrants. In view of the pandemic there was no fee or pay rise in September 2020.

Health and safety risks

Health and Safety remains a significant area for risk management and through detailed risk assessments, planning and awareness of hazards the risks associated with those activities undertaken by pupils and staff are minimised.

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Managing risks

The detailed consideration of risk is delegated to the Risk Management Committee, which reports formally to the Governors three times a year. The Committee is formed of Governors and is attended by Senior Management and the risk management process identifies risks and assesses their impact and likelihood and where possible recommends controls to mitigate and monitor those risks. The key controls operated by the School to mitigate risk include:-

- Formal agendas for all Board and Committee activity and timely minutes;
- Detailed terms of reference for all Committees;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and reporting lines;
- Formal written policies and their annual review;
- Maintenance and review of a risk register;
- Clear authorisation and approval levels;
- Safeguarding as required by law for the protection of the vulnerable including annual safeguarding and child protection training for all staff;
- Following the Safer Recruitment guidelines.

Through the risk management processes established for the School, the Governors are satisfied that, so far as possible, the major risks identified have been mitigated to an acceptable level. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

The Governors rely on the appointed auditor to highlight any concerns to the Finance and Investment Committee as part of the annual audit process.

FUTURE PLANS

The annual strategic plan was approved by the Governors in November 2018 and the Headmaster provided an update to the Governors on the status of the action points at the Away Day in May 2019 and at the Annual Court in June 2019. The new Five Year Strategy was published in June 2019 after extensive consultation with governors, staff, parents and alumni. The strategic aims for 2019-2024 are to:-

- Build on the Andrew Reed Legacy - through increased provision for Foundation pupils and increased breadth of and development of pupils' awareness of their responsibilities as citizens.
- Provide a nurturing environment – by developing our pastoral care with a greater focus on pupils' mental health and well-being and the provision of specialist support services where needed.
- Promote academic excellence in all our pupils through the development of their higher-order skills and the continued professional development of teachers.
- Find the best in every pupil by celebrating and recognising pupil personal development in all areas of their lives and providing them with a myriad of opportunities to recognise and develop their strengths.
- Create a community for life by strengthening relationships between all areas of the Reed's community.
- Prepare pupils for the future through an innovative and dynamic curriculum that develops a wide skill set to prepare them for the ever-changing world and provide personalised careers and higher education advice.

Governors continue to consider the long-term sustainability of the Andrew Reed Foundation, the extension of the Charity through charitable mergers and the viability of the long-term membership of the Teachers' Pension Scheme.

The School continues to invest in its facilities and in October 2019 a major enhancement to the classroom infrastructure commenced, part funded from reserves and a new loan.

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REFERENCE AND ADMINISTRATIVE INFORMATION

Governing documents

The Foundation, the London Orphan Asylum, now Reed's School, was founded in 1813 and is registered with the Charity Commission under charity number 312008. The Patron, Members, School Officers and professional advisers are listed on pages 10 and 11. Further information on the School, including the 2015 ISI Inspection Report, is available on the School's website (www.reeds.surrey.sch.uk).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation was incorporated by an Act of Parliament in 1845. The Act has since been supplemented by a scheme written by the Minister of Education under the Endowed Schools Act 1869-1948 and approved by Her Majesty in Council on 24 January 1957. This was further varied by a scheme of the Charity Commissioners for England and Wales, dated 7 May 1997, and a Constitution dated 21 May 1997.

Under the Constitution, the Members of Reed's School are the Presidents, Vice-Presidents, Treasurer and Governors and any others who are offered membership of Reed's School by the Governors from time to time.

Governors

Mr D Barnett and Mr R Stewart retired as Governors in August 2020. Mrs K McElHatton, Mr D Laws and Mr P Madden were appointed as Governors from September 2020. Mr D Barnett and Mr R Stewart were appointed as Vice Presidents for their services to the School from September 2020.

Recruitment and training

Governors are appointed on the basis of eligibility, personal competence, specialist skills and availability. The Governors are a self-appointing body and new Governors are inducted into the workings of the Foundation and School through meetings with the Chairman, Headmaster, Bursar and an induction pack. Training is arranged for all Governors as required on a regular basis.

Organisational management

The Governors have overall responsibility for Reed's School and meet at least three times a year. The committees of the Governors of Reed's School are listed on page 10.

A strategy day was held in May 2019 and the Governors discussed the strategic plan, fundraising initiatives, site development, local merger opportunities, the Teachers' Pension Scheme, trustee responsibilities and governance. A further strategy day is planned for May 2021.

The day-to-day running of the School is delegated to the Headmaster, the Bursar and the Senior Leadership Team. The Headmaster and/or the Bursar attend all the committees with relevant members of the Senior Leadership Team.

Staff remuneration is considered each summer. The Remuneration Committee considers and sets the remuneration for the Headmaster, Bursar and senior Deputies after consideration of benchmarking surveys such as those provided by the Association of Governing Bodies of Independent Schools (AGBIS) and Baines Cutler Solutions.

The School Designated Safeguarding Lead (DSL) reports at all Governors' and Risk Management Committee meetings.

Group structure

The School has a wholly owned subsidiary, Reed's School Enterprises Limited (Registered Company Number 2503013). The principal activities of the Company are the provision of community swimming, tennis and cricket lessons, letting of sports, general and social facilities including the sale of clothing and sportswear, and the provision of a tuck shop. From May 2020 the school shop also sells clothing and sportswear for Ripley Court School.

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The School also has a further wholly owned subsidiary, Reed's School International Ltd (Registered Company Number 9874554). There have been no significant transactions through this Company.

In October 2019 Ripley Court School merged into the Reed's School's existing charitable framework. The two Schools separately maintain their names, identity, location, structure and admissions process. The Chairman of the Ripley Court Governors is an existing member of the Reed's governing body which now oversees both schools. The Headmaster of Reed's has become the Executive Head of the merged entity. Support functions, for example, finance, human resources and estates, are in the process of being merged.

Employment objectives

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 interest.

Investment policy

The Governors aim to invest for growth of the investment funds in real terms into perpetuity within acceptable levels of risk and delegate the management of the investment funds to investment managers, Cazenove Capital Limited, on a discretionary basis. The Finance & Investment Committee meets at least three times a year and at least twice a year with the appointed Investment Managers to monitor their management of the portfolio and to review performance. For this purpose, formal reports and valuations incorporating comparative measurement are presented at these meetings.

A total return distribution of 3.5% per annum is provided and this can be drawn from both income and capital. This total return distribution is reviewed on an annual basis.

Going concern

As part of the effective stewardship of the School the Governors regularly review the finances and budgets together with a cash flow analysis.

The School has a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils.

The policy of the Governors is to build reserves, which are sufficient to maintain and develop the quality of the school's educational offer and its infrastructure as well as to provide resilience against the impact of uncontrollable and unforeseeable events which might jeopardise its future.

This policy does not operate in isolation, but is complemented by strict management of cash flow and banking facilities which provide the liquidity necessary to pay debt as it arises as well as a necessary margin to protect against uncontrollable and unforeseeable events.

The Governors consider that, given the strength of the School's balance sheet, the stable cash flow from student rolls, the ongoing popularity and reputation of the School, and the available banking facility that can be called upon if need arises, the School remains a going concern. As part of their assessment the Governors have taken into account the impact of the Covid-19 pandemic and with the experience gained from the March to July closure, together with cautious measures such as the taking of an additional £3m CBILS loan and deferring the annual cost of living pay rise to staff, the Governors are confident that the School can operate through any future challenges arising from the pandemic.

The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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Annual report of the Trustees for the year ended 31 August 2020

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Charities Act 2011 requires the Governors, as the Trustees of the Charity, to prepare accounts for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing the accounts, the Governors should follow best practice and:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Follow applicable accounting standards and the Charities SORP (FRS102), disclosing and explaining any departures in the accounts.
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the School will continue in operation.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Charity at any time, and enable them, as Trustees, to ensure that the accounts comply with charity law. The Governors are also responsible for safeguarding the assets of the Charity and ensuring their proper application, in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

The Governors confirm that:

- So far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- As the Trustees of the Charity, they have taken the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This report was approved by the Governors on 8 December 2020.

M Wheeler
CHAIRMAN



Reed's School Charity information

Members of Reed's School, Officers and Advisers

Members of Reed's School

Joint Presidents

Viscount Bridgeman
Mr G M Nissen CBE

Mr P B Mitford-Slade OBE
Mr I Plenderleith CBE

Vice-Presidents

The Earl of Verulam
Lord Howard of Penrith
Sir David Howard Bt
Sir Brian Jenkins GBE
Sir John Kemp-Welch
The Hon Julian F Byng
Mr J D Andrewes
Mrs I M Barker
Mr P Barton DL
Mr D Blomfield
Mr D Brown
Mr D Caddy
Mr J Davie
Mr M Dobson
Mr R S Fidgen
Mr J W Flecker
M M A Grenier
Mr T W N Guinness
Mr D V Harvey JP
Mr C R Hawkins
Mr J Herbert
Mr C Holdsworth Hunt
Mr D W Jarrett

Mr M J Kirkwood CMG
Ms A Knight CBE
Mr M Loveday
Mr R L H Lyster
Mr G R Martin
Mrs V McKenna
Mr A Merry
Mr R Mew
Mrs A F Noakes
Ms B O'Brien-Twohig
Mrs A Overstall
Mr T D Page
Mr L A Ponsonby
Mr S Popham
Mr H Priestley
Mr D E Prince
Mr P D Reed
Mr J B Rogers
Mr J G Tregoning
Mr P H H Verstage
Mr B M Winterflood MBE
Mr A Wotton

Governors

Mr M Wheeler CBE (Chairman) (1,4,5,6), Mrs M Donald (Hon Treasurer) (1,4,6), Mr M Baker (5), Mr U D Barnett (1,4,5,6)**, Mrs C Davies-Shatz (8), Mrs J Denham (8), Mr J A G Fulton (2), Mrs K Lane (8), The Right Hon. D Laws(4)*, Mr P Madden (1)*, Mrs K McElhatton (7)*, Dr A M McLean (3,5), Mr R Mohindra (8), Mrs L F Napier (1), Mrs D M Peacock (2,3,4,8), Mr S T Poole (2,3,6,8), Miss K Richardson (2,5,6), Mr M Robinson, , Mr J Simpson (2,3,8), Mr R Stewart (1,3,6)** and Mr NDW Taunt (1).

Committees:

- (1) Finance & Investment Committee
- (2) Education Committee
- (3) Salaries & Benefits Committee
- (4) Andrew Reed Foundation Board
- (5) Risk Management Committee
- (6) Nominations & Remunerations Committee
- (7) Estates
- (8) Ripley Court Board of Governors

* Appointed September 2020

**Retired August 2020

Visitor The Lord Bishop of Guildford

Reed's School Charity information

School Officers (key management personnel currently and throughout the year)

Headmaster Mr M W Hoskins BA (Hons) MA MSc

Bursar & Secretary
to the Governors Mrs L K Hurford BSc (Hons) ACMA

School Advisers

Auditor Mazars LLP
6 Sutton Court Road
Sutton
SM1 4FS

Bankers Lloyds Bank
25 Gresham Street
London
EC2V 7HN

Insurance Brokers AON Limited
103 Waterloo Street
Glasgow
G2 7BW

Solicitors Goodyear Blackie Herrington
Oak House
Tanshire Park
Shackleford Road
Elstead
Surrey
GU8 6LB

Investment Managers Cazenove Capital Limited
12 Moorgate
London
EC2R 6DA

Medical Officer Dr R J Draper MB ChB DA DCH DRCOG MRCGP
Oxshott Medical Practice
Holtwood Road
Oxshott
Surrey
KT22 OQL

Charity registration number 312008

Registered Office Reed's School
Sandy Lane
Cobham
KT11 2ES

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Independent auditor's report to the Trustees of Reed's School for the year ended 31 August 2020

Opinion

We have audited the financial statements of Reed's School (the 'charity') for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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 FRS 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 charity and the group's affairs as at 31 August 2020 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 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 charity'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 of the Trustees, 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.

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Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained during the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees

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

- the information given in financial statements is inconsistent in any material respect with the Annual Report of the Trustees; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; 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 8, the trustees 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 charity'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 charity 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.

Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express our opinion on the financial statement in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

This report is made solely to the charity's trustees as a body. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.


Stephen Mills (Apr 1, 2021 19:02 GMT+1)

Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Court Road, Sutton, SM1 4FS

Date: Apr 1, 2021

Reed's School
Consolidated statement of financial activities
for the year ended 31 August 2020

	Notes	Unrestricted funds		Restricted funds £'000	2020	2019
		General £'000	Designated £'000		Total funds £'000	Total funds £'000
Income and endowments from:						
Donations and legacies		362	0	658	1,020	1,096
Gift of net assets from Ripley Court School	17	4,632			4,632	-
Charitable activities						
School fees receivable	2	16,843	69	-	16,912	14,745
Ancillary trading income		113	0	-	113	78
Other trading activities						
Non-ancillary trading income		548	0	-	548	684
Other activities		85			85	77
Other operating income						
Government grants receivable	2	430	0	-	430	-
Investments						
Income from investments		96	0	112	208	262
Total income		<u>23,108</u>	<u>69</u>	<u>770</u>	<u>23,947</u>	<u>16,942</u>
Expenditure on:						
Raising funds						
Non-ancillary trading		(568)	0	-	(568)	(573)
Fundraising and development costs	3	(253)	0	-	(253)	(206)
Financing costs	3	(183)	0	-	(183)	(143)
Charitable activities						
Education and grant making	3	(16,998)	(55)	(437)	(17,490)	(14,860)
Total expenditure		<u>(18,002)</u>	<u>(55)</u>	<u>(437)</u>	<u>(18,494)</u>	<u>(15,782)</u>
Net losses on investments	5	(87)	0	(131)	(218)	(190)
Net income		<u>5,019</u>	<u>15</u>	<u>202</u>	<u>5,236</u>	<u>970</u>
Transfers between funds		115	0	(115)	-	-
Net movement in funds		<u>5,133</u>	<u>15</u>	<u>87</u>	<u>5,236</u>	<u>970</u>
Reconciliation of funds:						
Total funds brought forward		21,947	80	4,435	26,462	25,492
Total funds carried forward		<u><u>27,082</u></u>	<u><u>95</u></u>	<u><u>4,521</u></u>	<u><u>31,698</u></u>	<u><u>26,462</u></u>


The notes on pages 17 to 32 form part of these financial statements.

Reed's School

Consolidated and Charity balance sheets at 31 August 2020

	Notes	Consolidated		Charity	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed assets:					
Tangible assets	4	29,981	23,704	29,971	23,695
Investments	5	5,081	5,106	5,332	5,356
Total fixed assets		<u>35,062</u>	<u>28,810</u>	<u>35,303</u>	<u>29,051</u>
Current assets:					
Stocks		154	118	8	1
Debtors	6	212	385	185	475
Cash at bank and in hand		10,417	5,573	10,200	5,147
Total current assets		<u>10,783</u>	<u>6,076</u>	<u>10,393</u>	<u>5,623</u>
Liabilities:					
Creditors: Amounts falling due within one year	7	(4,135)	(3,609)	(4,102)	(3,568)
Net current assets		<u>6,648</u>	<u>2,467</u>	<u>6,293</u>	<u>2,055</u>
Total assets less current liabilities		<u>41,710</u>	<u>31,277</u>	<u>41,596</u>	<u>31,106</u>
Creditors: Amounts falling due after more than one year	8	(10,012)	(4,815)	(10,012)	(4,815)
Total net assets		<u><u>31,698</u></u>	<u><u>26,462</u></u>	<u><u>31,584</u></u>	<u><u>26,291</u></u>
The funds of the charity:					
Restricted income funds	10	(4,521)	(4,435)	(4,521)	(4,435)
General funds	11	(27,082)	(21,947)	(26,967)	(21,777)
Designated funds		(95)	(80)	(95)	(80)
Total unrestricted funds		<u>(27,177)</u>	<u>(22,027)</u>	<u>(27,062)</u>	<u>(21,857)</u>
Total charity funds		<u><u>(31,698)</u></u>	<u><u>(26,462)</u></u>	<u><u>(31,584)</u></u>	<u><u>(26,291)</u></u>

Approved by the Governors and authorised for issue on 8 December 2020 and signed on its behalf by:


 M Wheeler
 Chairman

Reed's School

Consolidated statement of cash flows for the year ended 31 August 2020

	2020	2019
	£'000	£'000
Operating activities		
Net income	5,236	970
Adjustments for:		
Depreciation of tangible assets	943	906
(Increase)/decrease in stocks	(28)	(16)
Decrease/(increase) in debtors	252	70
Increase/(decrease) in creditors	(445)	348
Loss on investments	218	190
(Decrease)/increase in fees in advance	383	(14)
Gift of Ripley Court School assets	(4,632)	0
Net cash flows from operating activities	1,927	2,454
Investing activities		
Payments to acquire tangible fixed assets	(2,384)	(3,808)
Payments to acquire investments	(3,289)	(722)
Receipts from sale of investments	3,096	1,931
Cash acquired from Ripley Court	259	0
Net cash flows used in investing activities	(2,319)	(2,599)
Financing activities		
Cash (inflows)/outflows from borrowing/repayment of long term creditors	5,236	(442)
Net (increase)/decrease in cash and cash equivalents	4,845	(587)
Cash and cash equivalents at the beginning of the year	5,573	6,160
Cash and cash equivalents at end of year	10,417	5,573
Cash and cash equivalents consist of:		
Cash at bank and in hand	10,417	5,573

The notes on pages 17 to 32 form part of these financial statements.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

1. Accounting policies

1.1 Accounting convention

Basis of preparation

These financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable by charities preparing their accounts in accordance with applicable charity law in the UK and Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The financial statements consolidate those of the School with its wholly owned subsidiary trading company: Reed's School Enterprises Limited. Reed's School International is not consolidated on the basis that there were no significant transactions in the year.

Income expected to be available depends most importantly upon the estimate of pupil numbers as well as investment income. Expenditure is primarily dependent upon salary costs and the planned maintenance of the infrastructure. The Trustees have reviewed budgets and projected cash flows and are confident that with continued support of existing bank funding levels the Charity will have adequate resources to continue in operational existence for the foreseeable future. As part of their assessment the Governors have taken into account the impact of the Covid-19 pandemic and with the experience gained from the March to July closure, together with cautious measures such as the taking of an additional £3m CBILS loan, the Governors are confident that the School can operate through any future challenges arising from the pandemic. Consequently the Trustees consider it appropriate to prepare the financial statements on the going concern basis.

1.2 Income

Fees and other income

Fees receivable and charges for services and for use of premises are accounted for in the period in which the service is provided. Fees received in advance of education to be provided in future under an advance fee payments scheme contract are held as interest bearing liabilities until either taken to income in the term when used or else refunded.

Donations and legacies

Donations and legacies consists of all donations (and related tax recoverable) received during the year, including those resulting from legacies (including cases whereby the School is notified of a legacy in the year and the amount receivable can be reliably estimated at the year-end), the Annual Foundation Appeal and fundraising events.

Investment income

Investment income, dividends and interest, including the associated tax credits, have been recorded on a receipts basis. Interest on term deposit has been recorded on an accruals basis.

1.3 Expenditure

Expenditure is accounted for on an accruals basis. Overhead and other expenditure not directly attributable to a particular cost centre is apportioned over the relevant categories on the basis of management estimates. The irrecoverable element of VAT is included with the item of expense to which it relates. Governance costs comprise the costs of running the Charity, including strategic planning for its future development, also external audit, any legal advice for the Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory financial statements and satisfying public accountability.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

1.4 Funds

Restricted funds

In compliance with SORP (FRS102), any income which has restrictions attached to the use of such funds by the Charity, is separately identified within the Charity's accounts as restricted funds. Where these funds are utilised by the Charity for the purposes for which they are specified, they are released to match the corresponding expenditure in the appropriate accounting periods. Further information is set out in Note 10.

Designated funds

Designated funds are those which the Trustees have set aside for future specified purposes. These funds form part of the unrestricted funds and can be used at the discretion of the Trustees.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the excess of cost over the estimated residual value over the estimated useful economic life of each class of asset, subject to annual review. These rates are currently as follows:

Land and buildings	2%- 10% p.a. straight line
Fixtures, fittings and equipment	10% p.a. straight line
Computer equipment	100% in year of purchase
Motor vehicles	20% p.a. straight line

1.6 Investments

Investments are valued in the balance sheet at their bid price at the balance sheet date. The investment manager, Cazenove Capital Limited, is remunerated by way of management fees paid within those pooled funds which it manages.

1.7 Impairment review

An impairment review of fixed assets is carried out by the Governors on an annual basis to ensure that the carrying value of fixed assets is not higher than the recoverable amount.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Financial instruments

The School only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value except for bank loans which are subsequently measured at amortised cost using the effective interest method.

1.10 Operating leases

Rentals payable under operating leases are charged on a straight line basis over the lease term.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

1.11 Pension schemes

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The Scheme is an unfunded multi-employer pension scheme. In accordance with FRS 102 the scheme is accounted for as a defined contribution scheme. The School also contributes to a defined contribution group personal pension scheme for most support staff and, for the rest, the People's Pension.

Contributions to all schemes are charged as they become payable in accordance with the rules of the schemes.

1.12 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method.

2a. Charitable activities – fees receivable

	2020	2019
	£'000	£'000
Fees receivable consist of:		
School fees	19,574	17,480
Less : total scholarships, bursaries and other awards	(3,042)	(3,167)
 Net fees receivable	16,531	14,313
 Add back: bursaries and other awards paid for by restricted funds	381	432
 Total school fees receivable	16,912	14,745

Scholarships, bursaries, other awards and discounts were given to 327 pupils (2019: 349). Within this, means-tested bursaries totalling £1,050k were awarded to 70 pupils (2019: £1,534k to 70 pupils).

2b. Other operating income

	2020	2019
	£'000	£'000
 Government grants receivable	430	0

Government grants receivable related to the Coronavirus Job Retention Scheme and are recognised in the Consolidated Statement of Financial Activities in the same period as the related expenditure.

Reed's School
Notes to the financial statements for the year ended 31 August 2020

3. Analysis of expenditure

a) *Total expenditure*

	Staff costs	Depreciation	Other costs	2020 Total	2019 Total
	£'000	£'000	£'000	£'000	£'000
Costs of raising funds					
Trading costs	250	3	314	568	573
Development costs	180	-	73	253	206
Financing costs	-	-	183	183	143
Total costs of raising funds	430	3	570	1,004	922
Charitable expenditure					
<i>Education and grant making</i>					
Teaching	9,271	-	1,056	10,327	8,125
Welfare	330	-	929	1,260	1,772
Premises	745	939	1,762	3,446	2,829
Support costs and governance	1,245	-	776	2,021	1,690
Grants, awards and prizes	-	-	437	437	444
Total expenditure	11,591	939	4,960	17,490	14,860
Total expended	12,021	942	5,531	18,494	15,782

Grants, awards and prizes awarded to pupils

	2020 £'000	2019 £'000
From restricted funds:		
Bursaries and other grants	381	431
From unrestricted funds:		
Awards and other grants	56	13
Total grants, awards and prizes	437	444

The School has taken advantage of the exemption available for charities in England & Wales to not provide the names of grant recipients.

Reed's School
Notes to the financial statements for the year ended 31 August 2020

b) Governance included in support costs

	2020 £'000	2019 £'000
Staff costs	40	35
Governor training	-	2
Governor expenses	1	-
Auditor's remuneration for audit services - charity	25	18
Governance costs - charity	66	55
Auditor's remuneration for audit services - subsidiary company	5	4
Governance costs - group	71	59

Neither the Governors nor persons connected with them received any remuneration or other benefits from the School or any connected organisation in either year. In 2020 one Governor (2019: no Governors) was reimbursed expenses during the year.

c) Staff costs

	2020 £'000	2019 £'000
Total staff costs comprised:		
Wages and salaries	8,891	7,403
Taxes and social security costs	956	774
Pension contributions	1,638	970
Medical insurance premium	106	67
	11,591	9,214
Aggregate employee benefits of key management personnel	329	287

The average number of employees during the year was 259 (2019: 199). Employees calculated on a full time equivalent basis was 204 (2019: 157) of which 124 (2019: 89) were teaching staff. The numbers for 2020 include Ripley Court staff.

Number of higher paid employees in bands of:

	2020	2019
£60,001 to £70,000	26	23
£70,001 to £80,000	7	4
£80,001 to £90,000	1	2
£90,001 to £100,000	2	-
£130,001 to £140,000	-	1
£150,001 to £160,000	1	-

Reed's School

Notes to the financial statements for the year ended 31 August 2020

4. Tangible fixed assets

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Land and buildings freehold	Assets in the course of construction	Charity School office and computer equipment	Motor vehicles	Charity total	Furniture and equipment	Subsidiary Motor vehicles	Charity total	Group consolidated total
At cost									
1 September 2019	27,863	3,370	2,212	276	33,722	13	7	33,722	33,742
Additions	105	2,171	81	23	2,379	5	-	2,384	2,384
Gifted from Ripley Court School	4,725	-	106	5	4,836	-	-	4,836	4,836
Completed in the year	3,697	(3,697)	-	-	-	-	-	-	-
31 August 2020	36,390	1,844	2,399	304	40,937	18	7	40,937	40,962
Depreciation									
1 September 2019	7,866	-	1,936	224	10,026	4	7	10,026	10,037
Charge for the year	763	-	146	31	940	3	-	940	943
31 August 2020	8,629	-	2,082	255	10,966	7	7	10,966	10,980
Net book values									
31 August 2020	27,761	1,844	317	49	29,971	10	(0)	29,971	29,981
31 August 2019	19,997	3,370	276	52	23,695	9	-	23,695	23,704

Assets in the course of construction related to the Bridgeman classroom extension.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

5. Investments

	Consolidated		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Investments - listed	5,081	5,106	5,081	5,106
Investments - subsidiaries	-	-	250	250
	<u>5,081</u>	<u>5,106</u>	<u>5,332</u>	<u>5,356</u>

a) *Investment in subsidiary undertakings*

The School owns 100% of the issued share capital of Reed's School Enterprises Limited, incorporated in England and Wales under company number 2503013. The principal activities of the Company are the letting of sports, general and social facilities, the operation of a swimming club, the provision of community swimming, tennis and cricket coaching, the sale of clothing and sportswear, and the provision of a tuck shop. The School also owns 100% of the issued share capital (£1) of Reeds School International Ltd (RSI Ltd) incorporated in England and Wales under company number 9874554. There have been no significant transactions in RSI Ltd and RSI Ltd has not been consolidated.

Subsidiary Investment	2020 £'000	
Cost		
At 31 August 2020	<u>250</u>	
Net Book Value		
At August 2020	<u>250</u>	
	2020	2019
Subsidiary company	£'000	£'000
Turnover	238	260
Cost of sales	(140)	(172)
Gross profit	<u>98</u>	<u>88</u>
Other income	353	425
Administration charges	(433)	(437)
Net profit for the year before taxation	<u>19</u>	<u>76</u>
Taxation	-	-
Net profit) for the year	<u>19</u>	<u>76</u>
Net assets	<u>366</u>	<u>423</u>

During the year Reed's School Enterprises Ltd made a Gift Aid payment of £76k to the School.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

b) Investments in listed securities

At mid-market value	2020	2019
	£'000	£'000
At 1 September 2019 (2018)	5,106	6,505
Additions	3,289	722
Disposals	(3,096)	(1,931)
Investment losses	(218)	(190)
At 31 August 2020 (2019)	5,081	5,106

Other investments represent equities, fixed interest securities, hedge funds and property including investments made through Common Investment Funds. These funds are pooled investment vehicles specifically set up for charities and established under the Charities Act 2011. The historical cost of these investments is £4.6m (2019: £4.4m).

The Governors have delegated day to day management of these investments to Cazenove Capital Limited in accordance with the School's investment policy.

The following investments each represent more than 5% of the portfolio value at 31 August 2020:

	£'000
Trojan Income Fund	509
Charities Property Fund	409
Vanguard S&P 500 UCITS ETF	378
M&G Global Dividend Fund	338

6. Debtors

	Consolidated		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	27	33	-	-
School fees and disbursements recoverable	19	146	19	146
Prepayments and accrued income	166	206	166	206
Amounts owed by Group undertakings	1	-	1	123
	213	385	186	475

Reed's School
Notes to the financial statements for the year ended 31 August 2020

7. Creditors: amounts falling due within one year

	Consolidated		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	426	456	426	456
Taxes and social security costs	277	221	277	219
Advance fees (Note 9)	2,299	1,877	2,299	1,877
Amounts owed to Group undertakings	-	-	57	-
Other creditors	769	795	679	768
Accruals and deferred income	364	260	364	248
	<u>4,135</u>	<u>3,609</u>	<u>4,102</u>	<u>3,568</u>

8. Creditors: amounts falling due after one year

Charity	Bank loans	Advance fees	Other creditors	Total
	£'000	£'000	£'000	£'000
Amounts repayable by instalments:				
In 1 to 2 years	1,240	43	888	2,171
In 2 to 5 years	4,204	37	-	4,241
After 5 years	3,601	-	-	3,601
At 31 August 2020	<u>9,045</u>	<u>80</u>	<u>888</u>	<u>10,012</u>
At 31 August 2019	<u>3,779</u>	<u>119</u>	<u>917</u>	<u>4,815</u>

In March 2020 a capital repayment holiday of 6 months was agreed for the 2017 loan agreement with Lloyds Bank. In December 2019 Reed's School entered into a new £2.5 million loan agreement with Lloyds Bank to fund the development of the Bridgeman Building to provide additional classroom space. The loan is secured against three properties the School owns on Sandy Lane and carries a fixed rate of interest for the first 5 years. In June 2020 the School took out a £3.0m CBILS loan with Lloyds Banks to cover any potential liquidity issues as a result of the Covid-19 pandemic. For the first 12 months the interest payments are funded by the Government and there is a capital repayment holiday.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

9. Advance fee payments

Advance fees include the early payment of the Autumn term 2020 fees. Parents may also pay future tuition fees in advance. The money may be returned on the receipt of one term's notice. The movements during the year were:

	2020 £'000	2019 £'000
At 1 September 2019 (2018)		
Amounts falling due within one year	1,877	1,816
Amounts falling due after one year	119	193
	1,996	2,009
New contracts	22	83
Early payment of Autumn term 2020 (2019) fees	2,253	1,744
Amounts utilised in payment of fees	(147)	(163)
Early payment of Autumn term 2019 (2018) fees	(1,744)	(1,678)
	2,379	1,996
At 1 September 2020 (2019)		
Amounts falling due within one year	2,299	1,877
Amounts falling due after one year	80	119
	2,379	1,996

10. Restricted funds

	2019 total	Income	Expenditure	Investment income	Net gains/(losses) on investments	Transfer between funds	2020 total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated small funds	1,024	-	-	33	(44)	(33)	980
Growth fund	1,904	155	-	60	(76)	27	2,071
Cazenove Andrew Reed bursary fund	605	1	-	19	(25)	(19)	581
Gifted shares	33	-	-	-	13	-	46
OR's syndicated fund	263	25	(24)	-	-	-	265
Capital fund	46	25	(4)	-	-	(3)	65
Forum fund	98	-	(5)	-	-	-	93
Other funds	462	452	(404)	-	-	(87)	422
Total restricted funds	4,435	658	(437)	112	(131)	(115)	4,521

Reed's School
Notes to the financial statements for the year ended 31 August 2020

11. Unrestricted funds – movements in the year

	2019 total	Income	Expenditure	Net losses on investments	Transfer between funds	2020 total
	£'000	£'000	£'000	£'000	£'000	£'000
Charity						
General Reserves	21,777	22,598	(17,435)	(87)	115	26,967
<i>Designated Funds:</i>						
Old Reedonians Fund	80	69	(55)	-	-	95
	<u>21,857</u>	<u>22,667</u>	<u>(17,489)</u>	<u>(87)</u>	<u>115</u>	<u>27,062</u>
Consolidated						
General Reserves	21,947	23,108	(18,002)	(87)	115	27,082
<i>Designated Funds:</i>						
Old Reedonians Fund	80	69	(55)	-	-	95
	<u>22,027</u>	<u>23,178</u>	<u>(18,057)</u>	<u>(87)</u>	<u>115</u>	<u>27,177</u>

Designated reserves exist where the Governors have allocated funds for a set purpose. The Old Reedonians' fund is intended to fund the activities or projects supported by the Old Reedonians.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

12. Analysis of net assets between funds

Consolidated	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	2020 Total £'000
Tangible fixed assets	29,981	-	-	29,981
Investments	1,598	-	3,483	5,081
Cash at bank and in hand	9,284	95	1,038	10,416
Other net current liabilities	(3,769)	-	-	(3,769)
Creditors: amounts falling due after more than one year	(10,012)	-	-	(10,012)
Total funds	<u>27,082</u>	<u>95</u>	<u>4,521</u>	<u>31,698</u>

13. Capital commitments

The work on the Sixth Form Centre was completed during the year and work commenced on the Bridgeman Building extension. At the year end the remaining capital committed amounted to £1.5m. The contracted value of works amounted to £2.6m (2018 - £2.9m).

14. Lease commitments

As at 31 August 2020 Reed's School had total commitments under operating leases as follows:

	2020 £'000	2019 £'000s
Within 1 Year	62	0
Within 2-5 Years	272	0
Within more than 5 Years	39	0
	<u>373</u>	<u>0</u>

15. Related party transactions

Reed's School has invested in the whole of the issued share capital of Reed's School Enterprises Limited (the Company), a company incorporated in England and Wales.

During the year Reeds School Enterprises paid a licence fee of £5k (2019: £5k) to Reeds School.

At the balance sheet date Reeds School owed the sum of £56k (2019: the Company owed £122k to Reeds School) to Reeds School Enterprises. The intercompany balance is interest free and has no fixed repayment date.

The School made a loan of £0.5k to its wholly owned subsidiary Reed's School International Ltd.

Governors donated £15k to the Charity during the year.

Reed's School

Notes to the financial statements for the year ended 31 August 2020

16. Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes employer contributions payable to the TPS of £1,186k (2019: £766k).

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The school is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the school has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The school has set out above the information available on the plan and the implications for the school in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013.

Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return. The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019.

The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £20 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

17. Merger with Ripley Court School

On 31 October 2019 Ripley Court School gifted its net assets and operations to Reed's School. Ripley Court School is a co-educational preparatory school for children set in a 20 acre site in the village of Ripley in Surrey. The school has 211 pupils and gross fee income in the region of £2.75m per annum.

The details of the assets and liabilities transferred to Reed's School are as follows;

	Transfer Value	Market Value Adjustment	Fair Value
	£'000s	£'000s	£'000s
Fixed Assets	3,361	1,475	4,836
Net current assets	(204)	-	(204)
Net assets	<u>3,157</u>	<u>1,475</u>	<u>4,632</u>

Reed's School

Notes to the financial statements for the year ended 31 August 2020

Reed's and Ripley Court have worked together for many years and share a philosophy of education which focusses on developing the whole child within a nurturing environment. The Trustees of Reed's and of Ripley Court believe that this merger is a natural extension of this strong relationship. It will allow both Schools to benefit from a combination of outstanding staff and facilities whilst still retaining the heritage and current structure of each School.

Reed's School was founded as a school for orphans in 1813 and its central mission of providing an education and pastoral care to children who had lost the support of one or both parents remains to this day. By creating the ability to educate children from the ages of 3-18, the work of the Andrew Reed Foundation will be extended.

Reed's School
Notes to the financial statements for the year ended 31 August 2020

16. Consolidated Statement of Financial Activities – Comparative figures for 2019 by fund type

	Notes	Unrestricted funds		Restricted funds	2019 Total funds
		General	Designated		
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and legacies		510	-	586	1,096
Charitable activities					
School fees receivable	2	14,675	70	-	14,745
Ancillary trading income		78	-	-	78
Other trading activities					
Non-ancillary trading income		684	-	-	684
Other activities		77	-	-	77
Investments					
Income from investments		110	-	116	226
Bank and other interest		36	-	-	36
Total income		16,170	70	702	16,942
Expenditure on:					
Raising funds					
Non-ancillary trading		(573)	-	-	(573)
Fundraising and development costs	3	(206)	-	-	(206)
Financing costs	3	(143)	-	-	(143)
Charitable activities					
Education and grant making	3	(14,342)	(86)	(432)	(14,860)
Total expenditure		(15,264)	(86)	(432)	(15,782)
Net (losses)/gains on investments	5	(199)	-	9	(190)
Net income/(expenditure)		707	(16)	279	970
Transfers between funds		234	-	(234)	-
Net movement in funds		941	(16)	45	970
Reconciliation of funds:					
Total funds brought forward		21,006	96	4,390	25,492
Total funds carried forward		21,947	80	4,435	26,462