

ORLEY FARM SCHOOL TRUST

(A Registered Charity and a Company Limited by Guarantee)

Registered Company No: 628541

Registered Charity No: 312637

ANNUAL REPORT OF THE GOVERNORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020



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Governors

The Governors are members of the Governing Body, are the Charity Trustees and are the Directors of the Company for Companies Act purposes. The Governors who have served during the year and since the year end are indicated below. Alongside each Governor are details of the subcommittees on which they serve.

Mr C J Hayfield	Chairman
Dr M Short	Deputy Chairman
Mr M Andrews	
Mrs Carol Cliffe	
Mrs P Jackson	Retired 31st August 2020
Mrs S Kothari	
Mr A Land	
Mrs L Malde	
Mr D Navapurkar	
Mr R Raithatha	
Mr A Smith	
Mr A Sofat	

Officers

Headmaster	Mr T G Calvey
Secretary	Mrs T K Vaid
Director of Finance	Mrs T K Vaid
Director of Operations and Clerk	Mr J Shakespeare
	Appointed 15 th June 2020

Principal Address and Registered Office

South Hill Avenue
Harrow-on-the-Hill
Middlesex
HA1 3NU

Advisors**Bankers**

NatWest
1-9 St Ann's Road
Harrow
Middlesex HA1 1EB

Solicitors

Harrison Clark Rickerbys Limited
Ellenborough House
Wellington Street
Cheltenham GL50 1YD

Auditors

PKF Littlejohn LLP
Statutory Auditors
15 Westferry Circus
Canary Wharf
London E14 4HD

Insurance Brokers

Marsh Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex RH16 3SY

The Governors present their Annual Report for the year ended 31 August 2020 together with the audited Financial Statements for the year, and confirm that the latter comply with the requirements of the Companies Act 2006, the Governing Instruments of the Charity and the Statement of Recommended Practice, Accounting and Reporting by Charities ("FRS 102 SORP").

Reference and Administrative Information

Orley Farm School Trust (the Trust) is a company limited by guarantee registered as company number 628541. The Trust is also registered with the Charity Commission under charity number 312637. The Governors, executive officers and principal address of the Charity are listed, along with particulars of its professional advisors, on page 2.

Structure, Governance and Management

Governing Instruments

The Charity is governed by its Memorandum and Articles of Association, which date from 1959 and were substantially revised in 2004. In June 2007 the Charity Commission permitted an extension to the objects. In the furtherance of these objects the Directors, as the Trustees of the Charity, have complied with the duty in s.17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the interpretation of the Public Benefit requirement under that Act.

Governing Body

The Board, detailed on page 2, is a self-appointing body with one exception being the Headmaster of Harrow School who is a member by virtue of this position. Service on the Board is for a term of three years which may be renewed no more than twice on retirement. The Chairman is elected to serve for five years which may be renewed once only. Due to exceptional circumstances, the Board has approved to extend the current Chairman's tenure.

Trustee Recruitment and Training

The Charity's elected Governors are appointed at Board meetings on the basis of nominations received from members of the Board and others, based on specifications concerning sympathy with the Charity's objects, eligibility, personal competencies, specialist skills and local availability. New Governors receive induction in respect of Board Policies and Procedures in addition to familiarisation with current Strategic and Financial Planning. Following their appointment Governors are made aware of specialist training opportunities by the Clerk as appropriate. Governors receive ongoing training, such as safeguarding and many undertake their own continuous professional development in their specialist areas.

Organisational Management

Orley Farm School Trust Governors, as the Trustees of the Charity, are legally responsible for the overall governance and control of the School. To discharge this duty they meet as a full Board at least three times each year. The work of implementing most of their policies is carried out by two committees which have agreed, and annually revised, Terms of Reference to assist their functionality. These committees are as follows: Finance and General Purpose Committee and Education Committee. Further subcommittees may be constituted as required.

The operational management of the School is delegated to the Headmaster, who together with the Director of Finance and Director of Operations is supported by a Senior Leadership Team and a Senior Management Team. The Headmaster and Director of Operations attend meetings of all of the above committees. The Director of Finance attends the Finance Committee and the Board Meetings. The Deputy Heads attend Education Committee and Board Meetings.

Organisational Management (continued)

The School, through its officers, is represented in a number of organisations including the Association of Governing Bodies of Independent Schools, the Independent Association of Preparatory Schools and the Independent Schools Bursars' Association.

Group Structure and Relationships

The Charity has two wholly-owned non-charitable subsidiary companies, whose activities are explained below.

South Hill Estates, Harrow Limited (Registered in England as Company Number 109974)

South Hill Estates Harrow Ltd was incorporated in 1910 and is limited by shares. The Trust is the beneficial owner of the whole of the share capital of the Company which owns roads on the South Hill Estate, and the benefit of certain covenants relating to privately-owned residential and other properties on this Estate. The Directors include the Trust's Chairman and member of the Trust's Board's Finance and General Purpose Committee, the Director of Operation and two residents of South Hill Estates. The Company's assets and transactions in the year are not considered material, therefore the Governors consider it is not appropriate to prepare consolidated accounts of the Trust and its subsidiary. Copies of the subsidiary's accounts are made available to the Governors of the Trust.

Orley Farm School Enterprises Limited (Registered in England as Company Number 5345071)

The Company was made dormant on 1st September 2007 and will remain dormant until such a time as the level of trading activity within the Trust necessitates its management by a subsidiary company or when the Trustees elect that this be so.

Risk Management

The Board of Governors is responsible for identifying the key risks faced by the School and for ensuring these risks are managed. Each year the Senior Leadership Team and the Finance and General Purpose Committee identify and assess risks and implement controls to mitigate against these. In addition, each year a formal review of the risk management process is undertaken. The major risks have been identified as that of the recent impact of Coronavirus Pandemic on the provision of education services and health and safety of the entire school community, a decline in the demand for places resulting from a general economic downturn which has been exacerbated by the Coronavirus Pandemic, the risk that senior schools will increasingly take boys at age 11 rather than 13 years old, the risk that academies/free schools will take children whose parents might have previously sent them to Orley Farm School and that the costs of the School's development plan escalate out of control.

The key controls implemented by the School are as follows:

- Formal agendas for all Board and Committee activities;
- Detailed and regularly reviewed Terms of Reference for all committees;
- Strategic planning, budgeting and management accounting;
- Established organisational structure and understood lines of reporting;
- Formal written policies;
- Clear, authoritative and agreed approval levels;
- The appointment of suitably qualified professional advisers; and
- Successful implementation of remote learning during the Summer Term, and continuous use of this where Coronavirus cases have been identified; and
- Ability to switch our educational delivery into remote learning in the event of any further lockdown measures.

Through the established systems for managing risk, the Governors are satisfied that for the major risks identified steps have been taken to manage these risks. It is, of course, recognised by the Governors that systems can provide reasonable but not absolute assurance that major risks have been adequately managed.

Objects, Aims, Objectives and Activities

Charitable Objects

To advance the education of boys and girls by the provision of a school known as Orley Farm School Trust in Harrow-on-the-Hill, and any other boarding school or day school for the education of boys and girls and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

Aims and Intended Impact

Within these objects, the School aims to be a leading co-educational preparatory school for children aged between 4 and 13 years old, by building on the strategies as stated in the 'Whole School Aims' which are summarised below, the full text being published in the School's prospectus and other media.

Whole School Aims

The School aims to provide a challenging environment to stimulate, maintain and develop a lively and enquiring mind: to encourage all pupils to reach their true potential and eventually become independent learners who value learning with and from others, as a life-long process.

We aim to appoint, develop and retain a staff of the highest quality and to develop a school community of responsible citizens, which affords equal value to all of its members, is seen to be just and encourages mutual respect, truthfulness and concern for others.

While carrying out our charitable purpose – the provision of education – we aim to deliver substantial benefit to all stakeholders, including our local communities, through the provision of an excellent and broad education and through access to our services, facilities and expertise.

Impact and Responsiveness

In accordance with our Governing Instruments, we continue to provide education for children aged 4 to 13 years – such provision relieving the state of relevant costs. In addition, the School continues to provide bursary support for current and new pupils. The School continues to build on the links with a wide section of the local community.

Key Elements of the School's Strategy

In the 21st Century, the School faces new and evolving educational, legislative, economic, environmental, demographic and social challenges. To respond to them positively and to enable Orley Farm School to head towards its 200th anniversary with confidence there must be equally careful planning. These Strategic Priorities and the School Development Plan are designed to set the destination and the broad outline of the journey. The Board of Governors and Senior Leadership Team intend that Orley Farm School:

- continues to be one of the leading co-educational day schools in London;
- will provide quality education and pastoral care for boys and girls in the 4-13 years age range;
- will remain a preparatory school with a strong record of success in preparing pupils for entry to their senior independent schools;
- continue to be blessed with a magnificent site and maintain an excellent range of facilities; and
- build on its long and distinguished history.

Key Elements of the School's Strategy (continued)

The Board of Governors continues to oversee the pursuit of the School's strategic priorities and the maintenance of its agreed profile. These are reviewed regularly through the work of the Board and its Committees. The Governors intend that the School will:

- Remain a preparatory school providing quality education and pastoral care for boys and girls;
- Continue to recruit on the basis of academic potential alone and the School will continue to develop its bursary funds to give true effect to this aim;
- Continue to prepare boys and girls for entry to independent senior schools – with the aim that boys, and increasingly girls, will transfer at 13+; currently most girls transfer at 11+;
- Continue to plan with the aid of professional advisors, the further development of the estate in order to provide excellent buildings and facilities that support an outstanding educational provision;
- Develop and enact an ICT Strategy, a Communications Strategy and an Outdoor Education Strategy; and
- Develop a Leadership and Development Programme for staff.

The Governors measure the success of this strategy through a comprehensive review of the annual strategic school development and management action plans, and through the termly reporting of key performance measures produced by senior management for the Board to discuss. Ad hoc subcommittees are established to focus cross-governance/management effort on areas of interest, opportunity and concern.

Objectives for the Year

The objectives for 2019/2020 were:

1. Maintain the excellence of the educational provision throughout the school;
2. To continue to review and improve the extra curricula programme known as the "Edge Programme";
3. To review future phases of the Refurbishment Plan;
4. To review future phases of the School's Master Plan;
5. To carry on relations with the Grange School in Harrow;
6. To continue the review of our procedures and policies to ensure total regulatory compliance;
7. To continue to improve the Former Pupils' Association (The Orleyans);
8. To ensure the provision of IT within the School continues to meet the academic and business needs of the school; and
9. Continue to manage the relationships with the School's neighbours, tenants and the wider community to best effect.

Strategic Report**Review of Objectives, Achievements and Performance**

- The School underwent a full educational inspection in March 2020 by the Independent Schools Inspectorate and it has been awarded Excellent in all categories of the inspection report.
- The excellence of the education at the School was rewarded by the granting of a total of 51 scholarships to senior schools, of which a total of 24 were taken up by our pupils;
- Under the school improvement plan we have addressed the following:
 - a. Our Edge Programme, a unique set of experiences and opportunities aimed at Upper School pupils has been extended further down the school – due to the success and feedback from pupils. It includes our pupils visiting the elderly at St. Peter's Church, supporting young readers at the Grange School, learning about and using public transport, service to the school, film making etc.;
 - b. We have identified two short term building projects that we are pursuing, one which will enhance the educational provision of our youngest pupils through improved play facilities, and the other consists of a large landscaping project for the benefit of entire school to enhance creative play and create outdoor teaching space;

Review of Objectives, Achievements and Performance (continued)

- c. We have arranged a number of events bringing former pupils and parents together to enrich our current community. We are continuing to build a stronger alumni (The Orleyans);
 - d. The school is building a 'Masterplan' to scope and service the future needs of the school for the coming decade. The aim is to join up the short, mid and long term aims with a cohesive overview to ensure that all future developments are embedded in the educational philosophy and aims of the school; and
 - e. Orley Farm School continues to develop a new working partnership with South Hill Estates (Harrow) Ltd and the residents of the estate.
- Relations with The Grange Primary School continue to evolve;
 - A total of 27 pupils received financial support towards their fees through the School's Bursary and Hardship Support Scheme which was specifically created in response to the Coronavirus Pandemic;
 - School Policies continue to be reviewed to ensure regulatory compliance with the frequently changing regulations;
 - The IT network continues to be upgraded to ensure IT support throughout the School for both pupils and administrative staff is up to date;
 - Use of WCBS PASS, iSAMS, My School Portal and firefly intranet software continue to evolve;
 - Elements of the 5-year strategic plan agreed by the Governing Body in 2015 continue to be implemented;
 - The pupil pick-up system continues, and in addition the Pre Prep Playground is used for parent parking provided they are dropping off 3 children, resulting in a substantial decrease in traffic congestion on the South Hill Estate;
 - The School applied a 20% reduction to Summer Term 2020 fees in response to the Coronavirus Pandemic and it established a Hardship Support Scheme to support our parent community; and
 - The School successfully pivoted the delivery of its educational provision from onsite to remote in response to the Coronavirus Pandemic whilst supporting 31 key worker children

Pupil destinations and Scholarship Awards in 2020

Pupils often apply for, and are awarded, scholarships for more than one school. On these occasions, only the scholarship for their future school is accepted.

Boys:

Destination School	Number of Pupils	Scholarships Awarded
Aldenham	1	-
Haberdashers'	6	5
Haileybury	2	2
Harrow	1	1
John Lyon	6	7
Merchant Taylors	7	3
Mill Hill	1	-
Rugby	1	-
St Albans	1	-
Westminster	2	-
TOTAL:	28	18

Girls:

Destination School	Number of Pupils	Scholarships Awarded
Haberdashers'	3	-
St Marylebone CE	-	1
Northwood College	3	1
Parmiter's	1	-
Royal Masonic	5	3
South Hampstead	2	-
St Bernard's Grammar	1	-
St Helen's	6	-
St Margaret's	-	1
St Paul's	1	-
Queenswood	1	-
TOTAL:	23	6

Response to the Coronavirus Pandemic, Financial Review and Results for the Year

It goes without saying that this year has presented a host of challenges and much uncertainty for the Orley Farm Community, as has been the case for many nationally and globally. On reflection, the Governing Body are incredibly proud of our Orley Farm Community and its response to the on-going Coronavirus Pandemic.

Early into the Coronavirus Pandemic outbreak, a separate committee comprising of members of the Governing Body and the Senior Leadership team was created to ensure a focused and timely response to the Coronavirus Pandemic. This committee ensured all areas of the School's operations including the education provision, finance and health and safety were carefully assessed against a backdrop of rapidly changing legislation and Government policy. The outcomes from this committee were reported to the whole Governing Body ensuring all Governors were kept abreast with the challenges faced by the School and its responses.

At the very start of this Pandemic, our teachers had to quickly adapt to a new way of teaching; this entailed intensive training on our remote learning platforms in order to deliver our teaching and learning for our pupils. The Headmaster, Senior Leadership team and teaching staff made great efforts in the way they actively engaged with our pupils in delivering creative learning opportunities through the various remote learning platforms and the Governing Body are delighted that pupils also swiftly adapted to the new way of learning. The School continues to use these remote learning platforms to deliver remote teaching for those families who are self-isolating whilst we continue our journey through these uncharted territories.

Over the Summer Term, the teaching and learning experience of pupils remained of paramount importance for the staff at Orley Farm School and, it is with their dedication and support, the School were able to offer a number of activities, all within Government guidelines, to provide an opportunity for the school community to reconnect with each other. These activities included a creative alternative to the traditional 'Expeditions Week' which became 'Connections Week'; a 2-day carousel of exciting and fun activities and challenges on the school site for every year group and, for the remaining 3 days of that week, all children were invited to reflect and respond in their own personal way to the highs and lows of the year. The culmination of this was each pupil putting together a presentation in a variety of media to show their form the following week.

Other events included welcoming pupils back in Reception, Y1 and Y6 in the Summer Term, offering support to key worker children and staging an alternative outdoor Speech Day, which became 'Orley Farm Celebration Day', for our leavers.

There were numerous required changes which both teachers and support staff had to adapt to in order to prepare for the safe return of all staff and pupils on the school site for the start of the new academic year. These necessitated both physical changes to the way the school operates as well as operational changes to the provision of a number of support services. From an operational perspective in particular, this required a significant degree of planning by caretaking, cleaning and catering staff in order to ensure the school buildings were adequately ventilated and cleaned each day, along with adapting to staggered and separate break and lunch times between 'bubbles' and the creation one way systems to for all staff and pupils to navigate the School. The grounds and maintenance teams had to adapt to staggered drop off and collection times via the drive through, and the increase in traffic generally with less car sharing and use of public transport, whilst the administration and nursing teams have dealt with a significant increase in calls from both staff and parents in relation to coronavirus seeking help, guidance and often just reassurance.

The Governing Body were well aware of the uncertainty facing many of our parents during these difficult and unprecedented times and offered an amendment to Summer Term 2020 fees as well as committing to a fee freeze for the 2020/21 academic year. In addition to this, a Hardship Support Scheme was created during the period which, in conjunction with Fee Support Scheme, provided financial support to 27 pupils. Further details are available below under the heading Fee Support. The Headmaster was also all too aware of the challenges facing our Orley Farm parent community and decided to support these parents by taking a reduced salary for two months.

As a direct consequence of the Coronavirus Pandemic, the School made a conscious decision to scale back all its non-essential expenditure and pause on two short term building projects until a clearer picture of the economic landscape is established. The operating costs of the year were £6,617,988 (2019 - £6,853,126). However, due to the Coronavirus Pandemic a number of routine services and repairs have been postponed in to the forthcoming academic year; these postponed costs are expected to be in the region of £155,000. It is also anticipated that additional costs will be incurred in the forthcoming academic year in respect of technology, both hardware and software, to ensure that our remote learning delivery continues to develop as well as increased spend on onsite health and safety provisions.

The school generated net fee income of £6,983,682 (2019 - £7,264,324), which was the primary source of revenue. The substantial drop in net fee income compared to the prior year was as a consequence of offering an amendment to the Summer Term fees, thus reducing expected fee income by £506,527, and also providing additional support to our parents via our Hardship Support Scheme. The additional income, as reported within the Statement of Financial Activity, was mainly generated from investments, rent and interest along with a government grant from the participation of the Coronavirus Job Retention scheme. The school also made an application to its bank for a capital repayment holiday on its loans that was successfully granted in the summer months, and in turn alleviated the pressure on the School's cashflow.

All the above has helped generate the surplus of £903,056 (2019: Surplus of £709,685) of the year. The school has earmarked £50,000 of this surplus to be used to supplement our Fee Support Scheme in the forthcoming year, and the remainder towards projects that were placed on hold totalling £1,000,000. The Board of Governors are confident that the School's financial situation is in a sound position which will enable the School to manage the current economic uncertainty and imminent recession whilst balancing the interests of all key stakeholders.

Freehold Properties

In addition to the School buildings, the School owns four residential properties at New Julians (Headmaster's House), Oakmead House and Orley Farm Cottage (for staff occupation only), and Westbourne House (nine flats, part staff and part non-staff occupancy). Income generated from property revenue this year was £129,386 (2019 - £130,674).

Extra-Curricular Activities

Our extra-curricular programme continues to be built around our weekly programme of lunchtime and after school clubs. However due to the Coronavirus Pandemic, we were unable to offer our Orley Farm tradition of Expeditions. Nevertheless, the School are looking for ways to reinstate the Expedition Week for the 2020/21 in line with government guidelines.

Public benefit

As required by the Charities Act 2011, the Governors have referred to the general guidance on public benefit and have due regard to the Charity Commission's guidance on public benefit, including the guidance 'Public Benefit: Running a Charity (PB2)'.

As part of our public benefit, we co-operate with a range of local charities in our ongoing endeavours to widen public access to the schooling we provide; to optimise the *educational* use of our cultural and sporting facilities and to awaken in our pupils an awareness of the wider social context of the education they receive at the School. Of note, the following activities have taken place:

- **Partnership with Grange School.** The School continues to support the Grange Middle School, Harrow. This support has included providing transport and invitations to sporting tournaments and drama productions; in addition, our senior pupils are part of their paired reading scheme, Maths Day and they support younger children in class through our community "Edge" Programme.
- **Use of Sporting facilities.** St Dominic's College, make use of our sports fields which include cricket pitches, Astroturf and soccer pitches. St. Georges School continue to make occasional use of our soccer pitches.
- **Work Experience.** The School continues to offer work experience placements to students from various colleges whereby some students gain sports coaching experience.
- **Sports Tournaments.** The School has again organised football and netball tournaments and Year 2 Multisport. Local schools attended on a number of occasions. These events continue to evolve.
- **Harrow Cricket Club.** By continuing to subsidise the overheads of Harrow Cricket Club, over two hundred youth cricketers and a number of adult teams from the wider community have access to the sport. The junior colt's teams also make use of the sports hall during winter months in support of their expanding junior cricket programme.
- **Local church youth worker.** The School supports Christ Church Roxeth by subsidising the costs for a youth worker to support the community in educating the local youth in the danger of knife crime.
- **Charitable Giving.** The school has raised £2,935 for Place to Be Hospital and £120 for Henry van Straubensee Memorial Fund. In addition to this a donation from our Parent community of £2,016 was made towards the Henry van Straubensee Memorial Fund.

Fee Support

This year we supported a total of 27 pupils at a cost of £138,679 through our own Fee Support Scheme and our Hardship Support Scheme created during the period, as a direct response to the Coronavirus Pandemic. Our parent community kindly donated £9,303 into the Hardship Support Scheme. This support, which is available on a needs basis, was determined by the Chair of the Finance and General Purposes Committee in consultation with the Headmaster and the Director of Finance.

Plans for Future Periods

These plans remain:

1. To enact the School's Estates Strategy, of which £1m has been set aside for 2020/2021;
2. To enact our financial plans in support of this Estates Strategy;
3. To enact the School's other development plans and priorities as articulated in the 5 Year Strategy agreed by the Governors for which a designated fund has been created.

Objectives for 2020/2021

1. Maintain the excellence of the educational provision throughout the school;
2. Obtain the necessary building and planning consents to improve the school's infrastructure by refurbishing our Pre-Prep and build an outdoor play area within our meadow;
3. To enact future phases of the Refurbishment Plan;
4. To enact phases of the School's Master Plan;
5. To carry on relations with the Grange School in Harrow;
6. To continue the review of our procedures and policies to ensure total regulatory compliance;
7. Continue to improve the Former Pupils' Association (The Orleyans);
8. To ensure the provision of IT within the School continues to meet the academic and business needs of the school;
9. Continue to manage the relationships with the School's neighbours, tenants and the wider community to best effect;
10. Continue to manage the School's education provision, estate management, responsibility to pupils, staff and the wider school community to best effect whilst managing the risk of the Coronavirus Pandemic.

Reserves Policy

The total reserves for the school were £13,496,752 of which £1,000,000 related to designated funds leaving £12,496,752 as total free reserves. As the assets of the school are £13,496,752 the school does not hold any free reserves. The aim of the school is to build up its reserves to ensure it has at least working capital which is greater than one months' expenditure and to have an additional amount to cover any existing commitments the school may have entered into. At 31 August 2020 working capital stood at £3,620,101 which is greater than one month's expenditure as desired. The Governors will continue to strive to generate funds in line with minimum targeted levels. The Reserves Policy will be reviewed on an annual basis.

Remuneration Policy

The Remuneration Committee are tasked with reviewing remuneration on an annual basis. Consideration is given to the current market conditions, performance and objectives set at the beginning of each academic year.

Responsibilities of the Governors

The Governors (who are also directors of Orley Farm School Trust for the purposes of company law) are responsible for preparing the Report of the Governors (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as auditors.

A resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Approved by the Board of Governors of Orley Farm School Trust on 30th November 2020 and signed on its behalf by:



C J Hayfield
Chairman

Independent auditor's report to the members of Orley Farm School Trust**Opinion**

We have audited the financial statements of the Orley Farm School Trust (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Annual Report of the Governors, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 Annual Report of the Governors (incorporating the Trustees' Report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report of the Governors (incorporating the Trustees' Report and 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 Annual Report of the Governors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

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

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



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
Date: 3 December 2020

15 Westferry Circus
Canary Wharf
London E14 4HD

ORLEY FARM SCHOOL TRUST

STATEMENT OF FINANCIAL ACTIVITIES
Incorporating an Income and Expenditure Account
Year ended 31 August 2020

Incoming Resources from		2020	2019
	Note	£	£
Charitable Activities:			
School fees receivable	1	6,983,682	7,264,324
Registration fees		10,150	11,000
Ancillary trading income	2a	55,141	82,546
Other income	3	167,532	203,159
Grant income	4	298,062	-
Other Activities to Generate Funds:			
Investments		6,477	1782
Total Income		<u>7,521,044</u>	<u>7,562,811</u>
Expenditure on:			
Raising funds			
Financing costs		91,942	106,329
Charitable Activities			
Ancillary trading costs	2b	22,639	54,908
Primary educational costs	5	6,503,407	6,691,889
Total Resources Expended		<u>6,617,988</u>	<u>6,853,126</u>
Net Movements in Funds for the Year	7	903,056	709,685
Balance at beginning of year		<u>12,593,696</u>	<u>11,884,011</u>
Balance at End of Year		<u>13,496,752</u>	<u>12,593,696</u>

All of the activities of the School are continuing. The School has no recognised gains or losses other than as stated above.

All incoming resources are unrestricted.

The Accounting Policies and Notes on pages 19 to 28 form part of these Financial Statements.

ORLEY FARM SCHOOL TRUST
Company Number: 628541

BALANCE SHEET
At 31 August 2020

Fixed Assets	Note	2020 £	2019 £
Tangible fixed assets	8	13,244,706	13,615,085
Investments	9	20,950	20,950
		<hr/>	<hr/>
		13,265,656	13,636,035
		<hr/>	<hr/>
Current Assets			
Debtors	10	242,797	167,391
Cash at bank and in hand		3,620,101	2,377,224
		<hr/>	<hr/>
		3,862,898	2,544,615
Creditors: due within one year	11	(951,106)	(917,694)
		<hr/>	<hr/>
Net Current Assets		2,911,793	1,626,921
Creditors: due in more than one year	12	(2,680,696)	(2,669,260)
		<hr/>	<hr/>
Net Assets		13,496,752	12,593,696
		<hr/>	<hr/>
Unrestricted Funds	14		
General fund		12,496,752	12,593,696
Designated Funds:			
Building Refurbishment fund		1,000,000	-
		<hr/>	<hr/>
		13,496,752	12,593,696
		<hr/>	<hr/>

Approved by the Board of Governors on 30th November 2020 and signed on its behalf by:



C J Hayfield

Chairman

The Accounting Policies and Notes on pages 19 to 28 form part of these Financial Statements.

ORLEY FARM SCHOOL TRUST

STATEMENT OF CASH FLOWS
Year ended 31 August 2020

		2020 £	2019 £
	Note		
Net Cash Inflow from Operating Activities	15	1,515,885	974,960
Cash flows from Investing Activities			
Payments to acquire tangible fixed assets		(41,608)	(110,161)
Interest received		6,477	1,782
Interest paid		<u>(91,942)</u>	<u>(106,329)</u>
Net Cash Inflow/(Outflow) from Investing Activities		(127,073)	(214,708)
Cash flow from Financing Activities			
Loan Repayment		(145,935)	(253,164)
Increase/(Decrease) in cash in the year	15	<u>1,242,877</u>	<u>507,088</u>
Reconciliation of Net Cashflow to Movement in Net Funds			
Increase/(Decrease) in cash in the year		1,242,877	507,088
Net decrease/(increase) in bank loan		<u>145,935</u>	<u>253,164</u>
Change in funds resulting from cash flows and Movement in net funds in the year	15	1,388,812	760,252
Net funds at beginning of the year		<u>(566,971)</u>	<u>(1,327,223)</u>
Net Funds at End of the Year	15	<u>821,841</u>	<u>(566,971)</u>

The Accounting Policies and Notes on pages 19 to 28 form part of these Financial Statements.

Basis of Accounting

Orley Farm School Trust is a charitable company in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities is the operation of Orley Farm School.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The Governors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the School to continue as a going concern. The Governors have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Governors have considered the School's forecasts and projections and have taken account of pressures on fee income, particularly in light of the impact of the Coronavirus Pandemic which occurred before these financial statements were approved and is explained in more detail in the Risk Management section of the Governors Report in these financial statements. After making enquiries the Governors have concluded that there is a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future.

As such the School can expect to be able to meet its liabilities as they fall due in the period of at least 12 months from the date of approval of these accounts. However, there can be no certainty in relation to these matters. On this basis the Governors have concluded that the School is a going concern. The financial statements do not include any adjustments that would result from the School not being able to meet its liabilities as they fall due.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The Trust is the beneficial owner of the whole of the share capital of South Hill Estates Ltd. The Company's assets and transactions in the year are not considered material, therefore the Governors consider it is not appropriate to prepare consolidated accounts of the Trust and its subsidiary.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

Judgements and key sources of estimation and uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The judgements (apart from those involving estimates) that have had the most significant effect on amounts recognised in the financial statements related to the useful economic lives of tangible fixed assets, and judgements in relation to the recoverability of debtor balances.

Grant income policy

Income from grant is furlough income received from HMRC. It is recognised in line with the period to which each claim relates

Income

All incoming resources are included in the Statement of Financial Activities (SoFA) when the School is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees received prior to the end of the year in respect of the following terms are shown on the balance sheet as deferred income.

Income from donations is recognised on receipt, there are no conditions attached to any donation that require a level of performance before entitlement can be obtained. Gift Aid on donations is accounted for when the related donation is received.

Legacy income is recognised when Orley Farm School Trust becomes aware that probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met. On occasion legacies can be notified where it is not possible to measure the amount expected to be distributed with sufficient reliability. On these occasions, the legacy would be treated as a contingent asset and disclosed.

Assets donated to the Trust would be shown as a donation and capitalised at what would have been a reasonable cost for the Trust to acquire the assets in its own right on an arm's length basis.

Donations and legacies for the general purposes of Orley Farm School Trust are credited to unrestricted funds. From time to time the Governors designate unrestricted donations for specific purposes. Donations and legacies subject to specific wishes of the donors would be credited to relevant restricted funds or to endowed funds, if the amount is required to be held as permanent or expendable capital.

Investment income is earned through holding assets for investment purposes such as property. It includes interest and rent; Interest income is recognised when receivable and rent is recognised when the charity's right to receive payment is established.

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Charitable activities costs include all expenditure directly relating to the objects of the School.

Governance costs comprise the costs of running the charity including strategic planning for future development, auditors' remuneration, certain legal costs, Governors' expenses and the costs of complying with constitutional and statutory requirements. These costs are contained within 'Support and Management Costs-other' (see note 4).

Unrestricted Funds

Unrestricted funds consist of general reserves which are available for the Governors to apply to the general purposes of the School.

Designated funds consist of certain unrestricted funds which the Governors have earmarked for particular purposes.

Tangible Fixed Assets

Expenditure on land and buildings which, in the opinion of the Governors, has not enhanced their long-term value is charged to the SOFA. Expenditure on improvements to land and buildings which, in the opinion of the Governors, has enhanced their long-term value is capitalised. Expenditure on plant, equipment (including IT equipment) and furniture which is in excess of £1,000 per item, or group of items, is capitalised.

Assets in the course of construction are capitalised and depreciated when brought into use.

Depreciation is provided on all other tangible fixed assets, including freehold property, to write off their cost less residual value over their estimated useful lives when brought into use, at the following rates:

Freehold buildings	2% on cost
Buildings of non-permanent construction	4% on cost
All weather pitch	10% on cost
Furniture, fixtures and equipment	15% reducing value
Computers	25% on reducing value
Motor vehicles	25% on reducing value
Telephone System	20% on reducing value

The residual value for all classes of assets, including recent additions to the school buildings, is deemed to be zero. The exception to this rule being the original freehold buildings, for which the residual value is deemed to be 50% of the original cost to reflect land values.

Investments

Listed investments are stated at market value. Realised gains and losses arising on sales of investments and unrealised gains and losses arising on the revaluation of the investments at the year-end are taken to unrestricted funds on the SOFA.

Investments in subsidiary undertakings are recorded at cost less any provision for impairment.

Operating Leases

Rentals paid under operating leases are charged to the SOFA.

Taxation

The School, as a registered charity, is generally exempt from Corporation Tax but not from Value Added Tax (VAT). Irrecoverable VAT is included in the cost of those items to which it relates. The School's subsidiary trading companies are liable for Corporation Tax on taxable profits not paid to the School as qualifying donations under the Taxes Acts.

Pension Schemes

The School contributes to the Teachers' Pension Scheme, which is a defined benefit scheme, at rates set by the Government Actuary and advised to the Governors. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme which are attributable to the School. In accordance with Financial Reporting Standard (FRS 102) – Retirement Benefits, the Scheme is therefore accounted for as a defined contribution scheme. Contributions to the Scheme are charged to the SOFA as they become payable in accordance with the rules of the Scheme.

The School also contributes to individual personal pension schemes for non-teaching staff.

1. School Fees Receivable	2020	2019
	£	£
Fees receivable consist of:		
Gross fees	7,197,462	7,491,730
Less: total bursaries, grants and allowances	(213,780)	(227,406)
	<u>6,983,682</u>	<u>7,264,324</u>

Included within bursaries, grants and allowances of £213,790 (2019: £227,406) is amount of £138,679 (2019: £100,997) in respect of our Fee Support Scheme and our specifically created Hardship Support Scheme during the period as a direct response to the Coronavirus Pandemic.

2a. Ancillary Trading	2020	2019
	£	£
Coaches	2,221	2,250
After School Clubs	19,835	27,466
Excursions	-	12,178
Disbursements	11,961	21,822
Pupil Insurance	21,124	18,830
	<u>55,141</u>	<u>82,546</u>

2b. Ancillary Trading Costs	2020	2019
	£	£
Coaches	-	-
After School Clubs	-	-
Excursions	-	18,385
Disbursements	11,915	17,280
Pupil Insurance	10,724	19,243
	<u>22,639</u>	<u>54,908</u>

3. Other Income	2020	2019
	£	£
Shop sales	-	35
Property	150,269	167,842
Holiday Club	12,328	20,430
Miscellaneous	4,935	14,852
	<u>167,532</u>	<u>203,159</u>

4. Grant income

The School received a grant of £298,062 (2019: Nil) in relation to the Coronavirus Job Retention scheme. At the year-end an amount of £23,231 had been accrued as income in relation to the grant due for August 2020.

ORLEY FARM SCHOOL TRUST

NOTES TO FINANCIAL STATEMENTS
Year ended 31 August 2020

5. Analysis of Charitable Expenditure

	Salaries £	Other £	Depreciation £	Total £	2019 £
Teaching	3,802,294	313,684	-	4,115,978	4,179,420
Welfare	222,842	133,346	-	356,188	402,611
Premises	386,818	466,621	411,987	1,265,426	1,291,120
Support and management costs	539,273	226,542	-	765,815	818,738
	<u>4,951,227</u>	<u>1,140,193</u>	<u>411,987</u>	<u>6,503,407</u>	<u>6,691,889</u>

6. Employees and Key Management

	2020 £	2019 £
Staff costs		
Salaries and wages	3,875,598	3,884,628
Social security costs	391,567	391,377
Pension costs	684,062	521,676
	<u>4,951,227</u>	<u>4,797,681</u>

Neither the Governors nor persons connected to them received any remuneration or benefits or reimbursements of expenses from the School with the exception of the items reported in note 16 of the statutory accounts.

The number of higher paid employees whose remuneration for the year fell within the following bands was:

	2020	2019
£60,001 - £70,000	1	4
£70,001 - £80,000	2	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1

Pension contributions of £68,356 (2019 - £51,435) were made on behalf of these employees.

Staff Numbers

The average number of full time equivalent staff employed by the school within each category was:

	No.	No.
Teaching staff	52	53
Other staff	48	49
	<u>100</u>	<u>102</u>

The key management personnel of the school includes the Governors, the Headmaster, the Director of Finance and the Director of Operations. The aggregate employee benefits of key management personnel of the School were £251,725 (2019 - £247,992).

ORLEY FARM SCHOOL TRUST

NOTES TO FINANCIAL STATEMENTS
Year ended 31 August 2020

7. Net Movement in Funds	2020	2019
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration - current year audit	12,190	11,950
Depreciation	411,987	416,212
(Profit) or loss on the disposal of fixed assets	-	28,846
	<u>424,177</u>	<u>457,008</u>

8. Tangible Fixed Assets		Furniture, equipment and vehicles	Assets in the course of construction	Total
Cost	Freehold land and buildings	£	£	£
At 1 September 2019	15,723,613	2,003,111	33,426	17,760,150
Additions	6,456	35,152	-	41,608
Transfers	-	-	-	-
Disposals	-	-	-	-
	<u>15,730,069</u>	<u>2,038,263</u>	<u>33,426</u>	<u>17,801,758</u>
Depreciation				
At 1 September 2019	2,451,907	1,693,158	-	4,145,065
Charge for the year	351,456	60,531	-	411,987
Disposals	-	-	-	-
	<u>2,803,363</u>	<u>1,753,689</u>	<u>-</u>	<u>4,557,052</u>
Net Book Value				
At 31 August 2020	<u>12,926,706</u>	<u>284,574</u>	<u>33,426</u>	<u>13,244,706</u>
At 31 August 2019	<u>13,271,706</u>	<u>309,953</u>	<u>33,426</u>	<u>13,615,085</u>

9. Fixed Assets Investments	2020	2019
	£	£
i) Investment in subsidiaries - shares at cost		
South Hill Estates, Harrow Limited	20,950	20,950
Orley Farm School Enterprises Limited	-	-
	<u>20,950</u>	<u>20,950</u>

The Trust owns 100% of the share capital in the following two subsidiary companies; South Hill Estates (Harrow) Limited, which owns and manages land and roads in the Harrow area, and Orley Farm School Enterprises Limited. Both companies are registered in England and Wales.

The results of the subsidiary companies as extracted from their audited Financial Statements are as follows:

	South Hill Estates		Orley Farm School Enterprises	
	2020 £	2019 £	2020 £	2019 £
Capital and reserves	32,188	31,640	-	-
Profit / (Loss) for the year	548	(6,963)	-	-

A decision was made in June 2007 to subsume the activities of Orley Farm School Enterprises within the School. The Company became dormant with effect from 1 September 2007.

10. Debtors	2020 £	2019 £
Fees and extras in arrears	108,541	48,539
Amount due from subsidiary company	11,832	8,133
Other debtors	10,719	11,000
Prepayments	111,705	99,899
	<u>242,797</u>	<u>167,391</u>

11. Creditors due within one year	2020 £	2019 £
Deposits	312,672	296,847
Tax and social security	220,809	195
Accruals and deferred income	167,299	231,505
Other creditors	132,761	114,212
Bank loan repayable within one year	117,565	274,935
	<u>951,106</u>	<u>917,694</u>

Deferred income consists of fees received in advance totalling £134,574 (2019 - £176,588)

12. Creditors due in more than one year	2020 £	2019 £
Amounts repayable between two and five years	2,425,287	1,242,451
Amounts repayable in more than five years	255,409	1,426,809
	<u>2,680,696</u>	<u>2,669,260</u>

The loans are unsecured and repayable over 120 months from 31 March 2015. The interest rates applicable to the loans are:

LIBOR loan	2.5% per annum over LIBOR plus mandatory cost
Business loan	2.95% per annum over base rate

13. Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £587,002 (2019 - £431,980) and at the year-end £49,980 (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 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.

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.

14. Unrestricted Funds

	General fund £	Refurb- ishment fund £	Total funds £
At 1 September 2019	12,593,696		12,593,696
Net incoming resources	903,056	-	903,056
Expenditure/Transfers (to)/from designated funds	(1,000,000)	1,000,000	-
	<hr/>	<hr/>	<hr/>
At 31 August 2020	12,496,752	1,000,000	13,496,752
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	General fund £	Total funds £
At 1 September 2018	11,884,011	11,884,011
Net incoming resources	709,685	709,685
	<hr/>	<hr/>
At 31 August 2019	12,593,696	12,593,696
	<hr/> <hr/>	<hr/> <hr/>

Designated Funds

The Governors have reconsidered the Designated Funds and have agreed in line with the Charity Commission guidance to establish the Refurbishment Fund to enable the School Refurbishment Plan which is due to be implemented with the next twelve to eighteen months.

15. Cash Flow Statement

	2020 £	2019 £
Net Cash Inflow from Operating Activities		
Net incoming resources	903,056	709,685
Depreciation	411,987	416,212
Loss on disposal of fixed assets	-	28,846
Decrease / (Increase) in debtors	(75,405)	(33,938)
Increase / (Decrease) in creditors	190,782	(250,392)
Interest paid	91,942	106,329
Interest received	(6,477)	(1,782)
	<hr/>	<hr/>
	1,515,885	974,960
	<hr/> <hr/>	<hr/> <hr/>

Note 15 continued.

Analysis of Net Funds

	As at beginning of year £	Cash flow £	Other Non-cash changes £	As at end of year £
Net cash balances	2,377,224	1,242,877	-	3,620,101
Other loans	(2,944,195)	145,935	-	(2,798,260)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(566,971)	1,388,812	-	821,841
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. Related Party Transactions

- i. During the year amounts totalling £11,832 (2019 - £8,133) were payable to the subsidiary company, South Hill Estates, Harrow Limited relating to road levy charges.
- ii. Mr Peter Ryan, a teacher at the school, is the owner of World Cup Sports Ltd, the company that provided school sports activities during holidays. The profit share paid to the School by his company was £12,328 (2019 - £20,430).
- iii. Mrs Carol Cliffe, a School Governor at the school, provided teaching services to the School at a cost of £1,828 (2019- Nil)
- iv. RBC London LLP provided building services to the school at a cost of £Nil (2019 – £2,640). The owner of RBC London LLP is the spouse of the Director of Finance.
- vi. A Governor, Mr A Land, receives a fee discount of 20% in line with the discount offered to other Harrow School Teachers.