

Registered number: 0709159
Charity number: 312648

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees	Mr A Harris, Chairman Mrs A Baldwin Mr S Everson Mr J Fowler Mr V Hales Mr N A Hinds Mr M Jordan Mr K Kothari Mrs C Marks Mrs P Mastin Mr J Richards Mr C Scott Dr B Williams Dr R Yaqoob	(Resigned 20 th April 2020) (Resigned 20 th April 2020) (Appointed 1 September 2020) (Resigned 31 st August 2020)
School officers	Mr S Dunn Mrs A Curran	(Head teacher) (Bursar)
Company registered number		
Charity registered number	312648	
Registered office	40 Moor Park Road Northwood Middlesex HA62DJ	
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	
Bankers	National Westminster Bank Plc 159 High Street Rickmansworth Hertfordshire WD31AR	

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The members of St Martin's (Northwood) Preparatory School Trust Limited present their annual report for the year ended 31st August 2020 under the Charities Act 2011 and the Companies Act 2006, this including the Director's Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year.

DIRECTOR'S REPORT

Constitutions and Objects

St Martin's (Northwood) Charitable Trust Limited is a charitable company limited by guarantee. Its registration number is 312648 and the company registration is 0709159.

The company is governed by its Memorandum and Articles of Association dating from 28 November 1961 which state that its object is the advancement of education. In furtherance thereof, the company operates St Martin's School, a preparatory School.

Governance and Management

Governing body

The directors serve as trustees of the Charity and under the terms of the above articles are also members of the company. They are elected by the Board of directors on the basis of nominations received from serving directors, the headmaster and others. Governors/Directors are selected on the basis of their skills and suitability. New Governors are inducted into the workings of the Charity including Board policy and procedures, by attending Governors' meetings, reviewing the Governors' handbook, receiving support from experienced governors and being directed to relevant guidelines and courses.

The tenure of office for a member of the Governing body is for an initial period of 4 years, with a Governor being eligible for re-election for further terms of office every 3 years thereafter. Current and former parents and former pupils may serve as Governors. Staff are not permitted to serve as Governors.

Mr Mark Jordan and Mr Chris Scott resigned in April and Mrs Rabia Yaqoob resigned at the end of the Summer Term. Dr Bhanu Williams was appointed to the Governing body and as a trustee with effect from 1st September 2021.

Organisational Management

The Governors are legally responsible for the overall management and oversight of the School. They usually meet as a board three or more times per year, once each term, to determine policy and to monitor the operations of the company. Their role is assisted by the work of the sub-committees who meet each term in advance of the Board meeting. The sub-committees are: Governance, Finance & Operations, Teaching & Learning, Estates, Remuneration, Marketing and Corporate Social Responsibility. There are also two school committees which nominated governors attend being Information and Communications Technology and Health & Safety.

The Finance & Operations Committee, as assisted by the School's Bursar and accountants, is responsible for implementing financial strategy and policies of the Board including the preparation of budgets and forecasts. This committee also has oversight of any operational matters not covered by any of the other committees, significantly Human Resources (HR). This Committee meets every term and more often if necessary. Audit and risk management related to the School's Financial and Human Resources risks are dealt with by the Finance & Operations Committee.

The day to day running of the School is delegated to the Headmaster, who with the Bursar attend all meetings

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

of the Governing Body and subsidiary committees. They in turn are supported by the other members of the School leadership team.

Mr Simon Dunn took up the position of Headmaster on the 1st September 2019 so this was his first year in post.

STRATEGIC REPORT

Aims, Objectives and Activities

St Martin's aims to provide boys, aged 3 - 13, with the breadth of education and experience for them to realise their full potential at school in a safe and friendly environment, and to be well prepared for future life. To achieve this, the School applies eight key principles as follows:

1. The school to have a happy, friendly atmosphere as well as a fair, secure, disciplined framework for learning.
2. The boys to receive an all-round education to develop the whole person, by the provision of academic, sporting, artistic and musical opportunities.
3. The teaching to be of the highest quality, including the best of traditional and contemporary approaches, to enable the boys to fulfil their potential.
4. Communication between parents, headmaster, staff and boys to be of paramount importance at all stages of school life.
5. While preserving the fundamental Christian ethos of the school in its present multi-cultural mix, to cultivate respect and understanding of other faiths and cultures.
6. The buildings, facilities and resources to be of a high standard, safe and suitable for today's needs.
7. Good relations with the local community to be fostered and, where appropriate, joint projects to be developed and school facilities to be made available.
8. The pastoral care to underpin the moral ethos of the school by promoting the values of honesty, integrity, respect and humility.

These aims are achieved in a number of ways. They underpin the operational ethos of the school and are referenced in strategic and school development planning. In the process of self-evaluation for inspection, these are used as markers for this process. In terms of Governance, each of the principles is directly related to the work of a sub-committee of the Full Board.

Achievements and performance

The school prides itself on not only the quality of the education provided, but also its record in examinations to senior schools. The school is well placed to prepare boys for a wide range of schools, but in practice these tend to be local to the area. This was the first year that the impact of changes to the Merchant Taylors' admissions system were felt. Traditionally, the focus was always on 13+ transfer with only a small number sitting at 11+ and principally for the maintained grammar schools. This has changed significantly with the vast majority of boys undertaking these assessments in the January of Year Six. This has meant that, for the next two years, a parallel approach for 11+ and 13+ is required and this resulted in some understandable nervousness within the parent body. In reality, the process was largely smooth, and the school enjoyed continued success to the schools that it feeds. The traditional metric of 13+ passes were exceeded from what was a record year and 28 scholarships were gained from 34 boys. All boys gained places at the schools of their choice. At 11+ the boys were extremely successful, but this has meant a greater number of leavers in Year Six as a direct result of these changes. Another consequence of the changes has been the increased academic pressure in Years Five

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and Six ensuring that the boys are well prepared.

The new Headmaster, having being tasked with overseeing these changes, set about reviewing all aspects of the school's operation in order to establish a strategic direction of travel for the coming years. This priority was somewhat superseded by the closure of all schools on March 23rd due to the COVID-19 pandemic, necessitating an immediate move to remote teaching. An enforced acceleration in technology related skills in the staff, student and parent body found us in a secure pattern of learning in the Summer Term. Despite the national outcry in the media relating to the negative effect of such measures on the pace and content of children's learning, the curriculum continued to be well covered and the losses related more to social and wellbeing issues. Noticeable also was the effect of the cessation of all the enrichment activities that take place on a daily basis. In common with many schools in this sector, considerable energies were expended in mitigating the financial aspects of lockdown and managing the expectations of and demands on the parent body, including through the provision of additional bursaries and fee discounts.

The opportunity was taken to advance some work on the school site: a new ICT facility was established, and two classrooms fully refurbished to form a Humanities suite. An ambitious site development plan is being considered which, in tandem with the school's centenary, is anticipated to see significant investment in the school's facilities especially the classroom and administrative facilities in the original 1924 building. A new marketing strategy is being formulated with greater digital interaction with potential and existing parents.

Despite the challenges of this year, the school emerged in a healthy and somewhat leaner state and is well placed both financially and academically for the challenges ahead. Parental satisfaction remains very high and has been strengthened by the way the school has handled the crisis. The benefits of increased technological capability will be key in moving forward and we will be seeking to capitalise on the decreased reliance on physical media and increased independence of the boys in their own learning.

Community, Social and Charitable

In considering the provision of Public Benefit, the Governors have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

During the year £138,316 (2019: 111,871), representing 2.03 % (2019:1.90%) of fee income, was given as bursaries in support of 12 (2019: 10) boys who would not otherwise have been able to afford the benefits of St Martin's Education. An additional £64,305 was given as emergency bursaries in the Summer term due to the impact of lockdown on the current St Martin's parents supporting a further 20 boys.

The School's designated charity for this year was T11 North at University College Hospital, London. It is a children's cancer ward which also provides support to the families of the children in the ward's care. Due to the pandemic our charity fundraising was restricted but we still managed to raise over £2,000 for them and have decide to continue to raise funds for them through the next financial/academic year. We also held a Macmillan coffee morning raising £740 and made donations to the Poppy Appeal and to Holy Trinity Church where we held our carol service.

St Martin's continues to support local state primary schools through the use of our sporting facilities. A member of staff continues to liaise and develop a working partnership with a Watford academy, so that both schools can benefit from the relationship. The pandemic means that the opportunities have been limited this year.

FINANCIAL REVIEW

Results for the year

The full year surplus of £77,030 (2019: £391,199) was substantially worse than budget as a result of COVID-19 and the related summer term fee reduction and emergency bursaries. The surplus represented a 1.28% (2019: 6.63%) return on fee income.

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The first 2 terms had a combined surplus of £270,398 with a 6.62% return on fee income but in the summer term the loss was £193,368. When the lockdown was enforced we made use of the furlough scheme in order to maximise the savings we could achieve whilst the school was closed to all but Key Worker children. A decision was then made to mitigate the financial pressures on parents and offer fee discounts that not only reflected the cost savings we were able to achieve but also to utilise the in year surplus. We also set aside some of the savings to support those most significantly impacted in the form of emergency bursaries and targeted a break even for the full year. The additional savings we managed to make over the prolonged lockdown and the extension of the furlough scheme resulted in the small surplus being achieved.

Continued improvements in financial control and management of cash were the main contributors to the strong surplus in the pre-Covid part of the year. The School remained at full capacity during the period and principle fee income prior to discounts was £13,788 more than the previous year. Costs were £110,361 more than the previous year but £113,980 under budget without taking into account the Coronavirus Job Retention grant. The main increase in costs related to an increase in Teachers' Pensions contributions from September 2019. The net value of fixed assets was £9,400,154 (2019: £9,565,156), a decrease of £165,002. The decrease is related partly to reclassification of assets between asset classes and resultant changes to accumulated depreciation.

The company's cash position continued to improve and stood at £3,887,533 (2019: £3,828,459) at year end.

The balance on all borrowings at the end of the period was £791,055 (2019: £937,314), a reduction £146,259 and continues to reduce in line with expectations. The School continues to benefit from the current low interest rates on its loan arrangements and Governors' forecasts have been prudent in the current climate.

Reserves policy

Unrestricted funds at year end totalled £11,560,006 of which fixed assets less bank loans totalled £8,609,099 leaving free reserves of £2,950,907. Reserves adequately cover future spending plans which are highlighted under future plans below. The Governors are determined that reserves are continually re-invested in the School for the benefit of the boys whilst ensuring that the School remains in a strong financial position.

Going concern

The School produces regular financial information including budgets, forecasts and a longer term strategic business plan, which are closely monitored by the Governors. These budgets, cash flows and forecasts have been reviewed and revised in light of the Covid-19 pandemic, to take into consideration the current economic climate and its potential impact. A number of scenarios were produced which considered the wider potential impact from Covid-19 on the School's key operations, cash position, sources of income and planned expenditure. Revised forecasts have been prepared together with cash-flows, based on the most likely expected outcome from these scenarios, with sensitivity analysis on the key assumptions. The cash flow modelling with sensitivity analysis indicates that the cash reserves of the School are adequate to meet the charity's obligations as they fall due.

Therefore the Governors have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

FUTURE PLANS

The Governors and Leadership team are in the process of formulating a new Strategic Plan. A number of sub sections of the plan are being developed within the school in preparation for an Overall School Strategic plan to be developed with the Governing body. A strategy day scheduled for March 2020 was cancelled and will be

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rescheduled as soon as the COVID restrictions allow.

Over the next 1-5 years our potential plans include

- Implementation of a new IT strategy to include upgrade of classroom display equipment and provide dedicated devices (ipads) for year 5-8 and additional sets of classroom devices for the younger age groups.
- Enhancement of the outside environment and entrance for Kindergarten and Pre-Prep
- Development of nursery inside facilities
- Enhancement of junior school section (years 3 & 4)
- Provision of an additional set of boys' toilets
- Creation of more outdoor learning spaces
- Upgrade of sports facilities – new cricket nets, climbing wall and gymnasium equipment

Risk management

The Board of Governors is responsible for the oversight of the risks faced by the School. Detailed consideration of risks is delegated to the specific committees relevant to the particular identified risk, managed by the Senior Leadership Team. Risks are identified, assessed and controls established throughout the year. The Board monitors the effectiveness of the system of internal controls and other means, including insurance cover, by which those identified risks can be mitigated. The key controls used by the Charity include:

- formal agendas for all Committee and Board activity;
- detailed terms of reference for all Committees;
- comprehensive strategic planning, budgeting and management accounting;
- formal written policies;
- clear authorisation and approval levels, and
- vetting procedures as required by law for the protection of the vulnerable.

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

The risks that are receiving particular attention relate to:

- External or internal factors leading to low morale risk resulting in poor educational standards, high stress levels and absence/sick leave. This has particular relevance to the pandemic and the stresses that are consequent to that. These have been mitigated by the appointment of key pastoral staff, a strengthening of the school's HR function with improved links to occupational health services
- Macro-economic risk of the impact an uncontrollable national event will have on the school - such as Pandemic. This is mitigated by, robust measures in place to keep the school running remotely if needed. Strong reserves are retained to ensure stability financially if income drastically reduces.

Both of these risks currently score above 15 (out of a maximum of 25) on the scale which classifies them as high risk.

Trustees' responsibilities statement

The members of the Board of Governors (who are also the directors of St Martin's (Northwood) Preparatory School Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the

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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

financial statements in accordance with applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the members of the Board of Governors to prepare financial statements for each financial year. Under company law they must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, including the income (and its application) and expenditure of the group for that year. In preparing these financial statements, the members of the Board of Governors are required to:

- select the most suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The members of the Board of Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Crowe U.K. LLP were appointed as auditors in the year. A resolution proposing the re-appointment of Crowe U.K. LLP as auditors to the company will be put to the Annual General Meeting.

The Trustees' annual report and the strategic report were approved on 25 March 2021 and signed on behalf of the Board of Trustees by:



Mr A Harris (Chairman)
Trustee

Date: 25th March 2021

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD)
PREPARATORY SCHOOL TRUST LIMITED (CONTINUED)**

Opinion

We have audited the financial statements of St. Martin's (Northwood) Preparatory School Trust Limited (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED (CONTINUED)

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD)
PREPARATORY SCHOOL TRUST LIMITED (CONTINUED)**

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Thomas
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London (Statutory Auditor)

Date: 30 April 2021

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE
ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Income from:			
Donations and legacies	3	36,478	5,845
Charitable activities	4	5,713,253	5,964,396
Investments	5	26,410	9,738
Total income		5,776,141	5,979,979
Expenditure on:			
Charitable activities	6	5,699,111	5,588,780
Total expenditure		5,699,111	5,588,780
Net movement in funds		77,030	391,199
Total funds brought forward		11,482,976	11,091,777
Total funds carried forward		11,560,006	11,482,976

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 22 form part of these financial statements.

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REGISTERED NUMBER: 0709159

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	9,400,154	9,565,156
		<u>9,400,154</u>	<u>9,565,156</u>
Current assets			
Debtors	11	1,553,309	1,502,929
Cash at bank and in hand		3,887,533	3,828,459
		<u>5,440,842</u>	<u>5,331,388</u>
Creditors: amounts falling due within one year	12	(2,643,640)	(2,596,254)
Net current assets		<u>2,797,202</u>	<u>2,735,134</u>
Total assets less current liabilities		<u>12,197,356</u>	<u>12,300,290</u>
Creditors: amounts falling due after more than one year	13	(637,350)	(817,314)
Total net assets		<u>11,560,006</u>	<u>11,482,976</u>
Charity funds			
Unrestricted funds		11,560,006	11,482,976
Total funds		<u>11,560,006</u>	<u>11,482,976</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 25 March 2021 and signed on their behalf by:



Mr A Harris
Trustee

Date:

The notes on pages 14 to 22 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	15	399,966	728,873
		<hr/>	<hr/>
Cash flows from investing activities			
Dividends, interests and rents from investments		26,410	9,738
Purchase of tangible fixed assets		(187,338)	(423,917)
Net cash used in investing activities		<hr/> (160,928) <hr/>	<hr/> (414,179) <hr/>
Cash flows from financing activities			
Repayments of borrowing		(179,964)	(139,251)
Net cash used in financing activities		<hr/> (179,964) <hr/>	<hr/> (139,251) <hr/>
Change in cash and cash equivalents in the year		59,074	175,443
Cash and cash equivalents at the beginning of the year		3,828,459	3,653,016
Cash and cash equivalents at the end of the year	16	<hr/> <u>3,887,533</u> <hr/>	<hr/> <u>3,828,459</u> <hr/>

The notes on pages 14 to 22 form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 40, Moor Park Road, Northwood, Middlesex, HA6 2DJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) and the Companies Act 2006.

St. Martin's (Northwood) Preparatory School Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

No provision has been made for corporation tax or deferred tax as the charity is a registered charity and therefore exempt.

2.2 Critical accounting judgements and sources of key estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods. In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

2.3 Going concern

As detailed in the Report of the Governors, the Governors have reviewed and revised the School's financial forecasting in light of the Covid-19 pandemic, to take into consideration the current economic climate and its potential impact. A number of scenarios were produced which considered the wider potential impact from Covid-19 on the School's key operations, cash position, sources of income and planned expenditure. Revised forecasts have been prepared together with cash-flows, based on the most likely expected outcome from these scenarios, with sensitivity analysis on the key assumptions. The cash flow modelling with sensitivity analysis indicates that the cash reserves of the School are adequate to meet the charity's obligations as they fall due.

Having regard to the above, the current cash position, and the expected cash flow over the next 12-24 months the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

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2.4 Income

All school income is included in the statement of financial activities when entitlement has passed to it, it is probable that the economic benefits associated with the transaction will flow to the school and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Fees receivable and charges for services and use of premises, less any allowances, scholarships, bursaries granted by the School are accounted for in the term to which it applies. This is classified as unrestricted funds.

Income from donations or grants is recognised when there is evidence of entitlement to the donation/grant, receipt is probable and its amount can be measured reliably.

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.

Government grants are recognised on the performance model, when the School has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs relate to. Included in grants and donations is an amount of £189,224 in respect of the Coronavirus Job Retention Scheme.

2.5 Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes VAT which cannot be recovered, and is classified under headings of the statement of financial activities to which it relates:

Expenditure on education includes all costs incurred by the school in undertaking education that furthers its charitable aims for the benefit of its pupils, including those support costs and costs relating to the governance of the charity apportioned to education.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on education.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to education are allocated directly to education.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold buildings	- 2%	reducing balance
Plant	- 10%	straight line
Motor vehicles	- 25%	straight line
Fixtures and fittings	- 20%	straight line
Computers & Office equipment	- 20%	straight line

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2.7 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

2.8 Debtors

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

2.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

2.10 Financial instruments

The Company only has financial assets and financial 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Pensions

For teachers the School contributes to the Teachers' Pension Scheme at rates set by the scheme actuary and advised to the School by the scheme administrator. The School is unable to identify its share of the Scheme Funds and therefore the Scheme has been accounted for as a defined contribution scheme. For non-teaching staff the School contributes to defined contribution pension schemes.

For the Teachers' Pension Scheme and for defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

3. Income from donations and legacies

	Unrestricted funds 2020 £	<i>Unrestricted funds 2019 £</i>
Donations and appeal receipts	<u>36,478</u>	<u><i>5,845</i></u>

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4. Income from charitable activities

	Unrestricted funds 2020 £	<i>Unrestricted funds 2019 £</i>
Gross School fees	6,037,529	6,023,741
Less: Bursaries, scholarships and other concessions	(638,167)	(127,826)
	5,399,362	5,895,915
Other educational income	61,794	6,934
Rental income from housing	62,873	61,547
Furlough income	189,224	-
	5,713,253	5,964,396

Includes in bursaries, scholarships and other concessions is £422,903 relating to discounts provided to all parents in the summer term due to the impact of Covid-19.

5. Investment income

	Unrestricted funds 2020 £	<i>Unrestricted funds 2019 £</i>
Bank interest	26,410	9,738

6. Analysis of expenditure

	Staff costs 2020 £	Other costs 2020 £	Total costs 2020 £	<i>Total costs 2019 £</i>
<i>Charitable activities - Education</i>				
Teaching	3,616,781	160,584	3,777,365	3,676,046
Premises	214,185	385,144	599,329	603,843
Welfare	216,517	110,714	327,231	308,660
Support costs	410,350	584,836	995,186	1,000,221
<i>Total</i>	4,457,833	1,241,278	5,699,111	5,588,770

Included within support costs are governance costs totalling £51,182 (2019: £76,389).

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7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,250	9,600
Fees payable to the Company's auditor in respect of: All non-audit services not included above	<u>-</u>	<u>7,230</u>

8. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits nor claimed for any expenses (2019 - £NIL).

9. Staff costs

	2020	2019
	£	£
Wages and salaries	3,426,156	3,310,828
Social security costs	344,977	347,131
Pension costs	677,651	523,203
Other employee benefits	9,049	20,087
	<u>4,457,833</u>	<u>4,201,249</u>

Key management personnel comprised the senior leadership team. Aggregate employee benefits paid to key management personnel in the year totalled £556,037 (2019: £573,709).

During the year there were settlement agreements of £65,787 (2019: £Nil) which are included within creditors at year end.

Total payments to the school's defined contribution scheme for non-teaching staff in the year was £161,458 (2019: £160,097). Amounts payable at year end totalled £22,875 (2019: £Nil).

The average number of persons employed by the Company during the year was as follows:

	2020	2019
	No.	No.
Teaching (including unqualified teaching and assistants)	71	76
Administration	11	9
Domestic	10	10
Grounds	5	4
	<u>97</u>	<u>99</u>

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The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,000 - £69,999	1	2
In the band £70,000 - £79,999	2	-
In the band £80,000 - £89,999	1	1
In the band £110,000 - £119,999	1	-
In the band £130,000 - £139,999	-	1

10. Tangible fixed assets

	Freehold buildings £	Plant £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2019	11,570,412	243,483	12,750	1,462,505	-	13,289,150
Additions	-	6,196	-	156,263	24,879	187,338
Disposals	(6,583)	-	-	(541,068)	-	(547,651)
Transfers between classes	20,566	67,716	21,992	(279,835)	169,561	-
At 31 August 2020	11,584,395	317,395	34,742	797,865	194,440	12,928,837
Depreciation						
At 1 September 2019	2,526,361	110,240	7,519	1,079,875	-	3,723,995
Charge for the year	180,356	26,232	836	57,746	31,069	296,239
On disposals	-	-	-	(541,069)	-	(541,069)
Transfers between classes	-	41,565	26,387	(95,706)	77,272	49,518
At 31 August 2020	2,706,717	178,037	34,742	500,846	108,341	3,528,683
Net book value						
At 31 August 2020	<u>8,877,678</u>	<u>139,358</u>	<u>-</u>	<u>297,019</u>	<u>86,099</u>	<u>9,400,154</u>
At 31 August 2019	<u>9,044,052</u>	<u>133,243</u>	<u>5,231</u>	<u>382,630</u>	<u>-</u>	<u>9,565,156</u>

11. Debtors

	2020 £	2019 £
Trade debtors	1,495,603	1,447,434
Prepayments and accrued income	57,706	55,495
	<u>1,553,309</u>	<u>1,502,929</u>

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12. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank loans	153,705	120,000
Trade creditors	118,215	88,575
Other taxation and social security	87,144	88,347
Other creditors	85,064	55,295
Fee deposits	272,000	280,750
Advanced fees	1,809,571	1,901,355
Accruals	117,941	61,932
	<u>2,643,640</u>	<u>2,596,254</u>

13. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Bank loans	<u>637,350</u>	<u>817,314</u>

Bank loans comprised amounts due within one year of £153,705 (2019: £120,000) and amounts due within 2-5 years of £637,350 (2019: £817,314). The loan is due to be repaid in full by 10 January 2025.

The bank loan is secured by a fixed charge over some of the company's freehold properties.

14. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at amortised cost (a)	<u>3,887,533</u>	<u>3,828,459</u>
Financial liabilities		
Financial liabilities measured at amortised cost (b)	<u>1,927,786</u>	<u>2,325,975</u>

(a) Financial assets include cash, trade and fee debtors, other debtors and accrued income.

(b) Financial liabilities include deposits, fees in advance, trade creditors and other creditors.

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15. Reconciliation of net movement in funds to net cash flow from operating activities	2020	2019
	£	£
Net income for the period (as per Statement of Financial Activities)	<u>77,030</u>	<u>391,199</u>
Adjustments for:		
Depreciation charges	329,649	330,355
Dividends, interests and rents from investments	(26,410)	(9,738)
Loss on the disposal of fixed assets	22,691	-
Increase in debtors	(50,380)	(1,487,846)
Increase in creditors	47,386	1,569,434
Accrued (income)/expenses	-	(64,531)
Net cash provided by operating activities	<u>399,966</u>	<u>728,873</u>

16. Analysis of cash and cash equivalents	2020	2019
	£	£
Cash in hand	<u>3,887,533</u>	<u>3,828,459</u>

17. Analysis of changes in net debt	At 1 September	Cash flows	At 31 August
	2019		2020
	£	£	£
Cash at bank and in hand	3,828,459	59,074	3,887,533
Debt due within 1 year	(120,000)	(33,705)	(153,705)
Debt due after 1 year	(817,314)	179,964	(637,350)
	<u>2,891,145</u>	<u>205,333</u>	<u>3,096,478</u>

18. Related parties

During the year the company of a family member of key management supplied furniture and installation services totalling £200 (2019: £13,047). At year end £Nil (2019: £770) was included within creditors.

During the year family members of key management were employed by the school and received remuneration totalling £4,732.

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19. Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £516,193 (2019: £363,106) and at the year-end £62,188 (2019 - £Nil) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020. As a result of the consultation, the government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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 cost cap mechanism review is 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.