
Company No. 579923
Registered in England
Charity No. 312715

DULWICH PREPARATORY SCHOOLS TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

DULWICH PREPARATORY SCHOOLS TRUST
ANNUAL REPORT OF THE TRUSTEES
YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the audited financial statements of the Dulwich Preparatory Schools Trust (the Trust) for the year ended 31 August 2020.

The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (Charities SORP FRS102).

Status and administration

The Trust is a company limited by guarantee (Company Number 579923) and is registered with the Charity Commission under Charity Number 312715.

Trustees' responsibilities

The Trustees (who are also directors of Dulwich Preparatory Schools Trust for the purposes of company law) are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as each Trustee is aware, there is no relevant audit information of which the Trust's auditor is unaware, and
- each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trust is the parent charity of two independent school charities, Dulwich Prep Cranbrook and Dulwich Prep London ('the Schools') – together "the Group". The Trust supports the provision of education by the two Schools and the two Schools lease their facilities from the Trust. Members of the Trust comprise the Trustees of the Dulwich Preparatory Schools Trust, together with all the Governors of the Schools.

The Trust's Articles reflect the Companies Act 2006 and the Charities Act 2011. The length of tenure for Members of the Trust Board is limited to three terms of office, not to exceed a total of ten years except in exceptional circumstances. These changes were approved by the Charity Commission and passed by written resolution on 16th June 2017.

Trust Board

The Trustees of the Trust are charity Trustees under charity law and Directors of the Trust for the purposes of company law.

The members of the Trust Board who served in office as Trustees during the year and subsequently are detailed below:

Mr D H Nelson	Independent Chairman
Mr M StJ Ashley	Nominated by the Governing Body of Dulwich Prep Cranbrook
Dr S J Bailey	Independent Trustee
Mrs E K Kelleher	Nominated by the Governing Body of Dulwich Prep London: appointed from 1 st September 2020
Mrs C C Randell	Nominated by the Governing Body of Dulwich Prep London: retired on 31 st August 2020
Mrs S L Rynehart	Nominated by the Governing Body of Dulwich Prep Cranbrook
Mr J D H Steel	Nominated by the Governing Body of Dulwich Prep London
Mr M J Tiplady	Independent Trustee

Officers

Secretary to the Trustees: N B Holliday

Professional Advisers

Bankers: NatWest Bank plc, 120-122 Fenchurch Street, London EC3M 5BA

Solicitors: Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH

Auditor: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

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Management Structure

The Board meets a minimum of three times per year, normally once per academic term. There are three Independent Trustees, including the Chairman, and each of the Schools nominates two of its Governors (normally including the School's Chairman) as Trustees. The Board has a Finance Committee which meets a week or two prior to Trust Board meetings, and at other times when necessary, to discuss financial matters on which it advises the Board. The Trust considers the performance of each School, their future plans, budgets and operation, together with applications for capital investment.

Trustee Recruitment & Training

The Board is self-appointing, with new Trustees identified and appointed following agreement from all current Trustees. Trustees serve for an initial term of four years, but may offer themselves for re-election for a second term of four years and then a final term of two years, making ten years in total, except in exceptional circumstances.

New members of the Board are elected on the basis of the candidates' professional qualities, experience, personal competence and the specific needs of the Trust. New Trustees are inducted into the workings of the charitable company via a programme organised by the Secretary. The Secretary will also notify members of the Board of relevant external Trustee training and information courses and seminars designed to keep them informed and updated on current issues in the sector and regulatory requirements.

Charity Code of Governance

The Board takes its governance responsibilities seriously and the Group aims to have a governance framework that is fit for purpose, compliant and efficient. The Group has established a solid foundation in governance in which all of its Trustees are clear about their roles and legal responsibilities, are committed to supporting the Trust in delivering its objects most effectively for the benefit of its beneficiaries and contributing to the continued improvement of the Schools.

The Group meets the key outcomes set out in the seven areas of the Charity Governance Code. The structure of the Group and the relationship between the Trust and the two Schools are designed in such a way as to ensure that recommended practice is observed and, where specific aspects are delegated to the Schools, these aspects are regularly monitored.

Employment policy

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

Communication with employees continues through normal management channels in a variety of forms and also through exceptional channels to make staff aware of current issues.

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STRATEGIC REPORT

The remainder of the report of the Trustees also constitutes the strategic report for the purposes of the Companies Act 2006.

Principal activity and objects of the charitable company

The principal activity of the Trust is the advancement of education in the United Kingdom and elsewhere, currently through the support provided to the two Schools.

The Board is mindful of the long-standing need to provide public benefit and strives to do so through the support of development in education generally, through bursaries (mainly provided by the two Schools), through working with other educational bodies and the promotion of best practice.

Aim

The Trustees' aim is that pupils at the Schools should benefit from the provision of first class facilities to enable them to fulfil their potential on all fronts - academic, artistic, dramatic, musical, sporting, social and moral.

Primary objective

The Trust is a charitable trust which promotes the advancement of education in a broad context and in particular at its two Schools in London and Kent.

Strategies to achieve the primary objective

The Trust seeks to achieve its primary objective through the implementation of the following strategies:

- By providing an excellent education at Dulwich Prep Cranbrook and Dulwich Prep London;
- Through the provision of bursaries and other financial support to enable children whose parents would not otherwise be able to afford the fees to benefit from an education at the Schools;
- By raising funds in support of education and organising, or making grants towards, lectures, seminars, broadcasts or courses of instruction;
- By considering ways in which technology can be used to enhance teaching and learning;
- Through the provision of classrooms and buildings generally in connection with education at Dulwich Prep London and Dulwich Prep Cranbrook and elsewhere;
- Through the provision of playing fields, games courts, recreational grounds and pavilions, swimming pools and other facilities in connection with sports, games and recreational activities of all kinds at Dulwich Prep London and Dulwich Prep Cranbrook and elsewhere;

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- By setting rents at a level to ensure the financial viability of the Schools and at a level that is consistent with future capital investment to provide a first class education to boys and girls at the Schools;
- Through the maintenance of a clear and effective management structure and the necessary support framework to meet the needs of the Schools;
- By acting as banker to the Schools and by lending money to facilitate the cash flow of each School.

The Trust considers bids for capital expenditure from the Schools to enhance the Schools' facilities. The Lower School project in London was completed in July 2019 after a two year programme which was funded by the Trust in support of Dulwich Prep London. During the year the Trust also sold surplus residential property in London and planned the sale of land at Cranbrook as a residential development site.

Public benefit

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

The awarding of bursaries for the needy is a measurable means of providing public benefit. The Board takes the view that bursaries awarded to those who would not otherwise be able to afford the fees are important, but not to the exclusion of the much wider benefit that the Trust provides within the community. The Trust's public benefit commitment is currently delivered primarily through the two Schools, each of which has a bursary programme. During the year the Trust's Schools provided bursary support totalling £418k to 38 pupils (2019: £482k to 46 pupils) of which 16 were for 70% or more of full fees. In addition there was support for local charities and educational bodies through fund-raising activities, outreach programmes and the loan of facilities. Both the Trust's Schools work with Place2Be promoting child mental health awareness. Fifteen state schools benefited from the Trust's Schools in a variety of ways from the use of facilities to support from staff.

The Trust does not engage with any external third party fundraisers. There have been no complaints in the period regarding inappropriate or intrusive contact in relation to fundraising activities.

Streamlined Energy and Carbon Reporting (SECR)

The Trustees have considered the requirements of The Companies (Directors' Report) and Limited Liabilities Partnerships (Energy and Carbon Report) Regulations 2018. The two Schools each meet two of the criteria for non-disclosure and therefore are not required to produce a report. As a result, since the Trust, as the parent entity, does not produce any emissions, the Trustees have concluded that the Group does not need to submit a return.

Section 172(1) Report incorporating Statements of Employee and Stakeholder engagement

The Trustees of the Trust, as Directors of the Company, act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and in doing so have regard to:

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- a) The likely consequences of any decision in the long run;
- b) The interests of the Group's employees;
- c) The need to foster the Group's business relationships;
- d) The impact of the Group's operations on the community and the environment;
- e) The desirability of the Group maintaining a reputation for high standards of business conduct;
- f) The need to act fairly.

The Trust achieves the success of its wider charitable purposes through the activities undertaken by its Schools, which are regularly monitored and assessed. This incorporates the desire to meet the requirements of all stakeholders, whether pupils and the wider community, staff, donors, fee payers and suppliers.

The Trustees consider that they have promoted the Trust's charitable purpose, as set out in aims and objectives on page 4, in the following ways:

- a) The likely consequences of any decision in the long run:
 - The Trustees have considered the long-term sustainability of the Schools' operations, as set out in the Going Concern section of the Financial Review on page 9.
 - The Board sets and approves strategic direction and policy, meets three times each year and additionally as required. The Board monitors the work of the Schools through its Finance Committee and through reports from the Schools' representatives on the Trust Board. The Finance Committee reviews the Schools' financial plans on a termly basis by monitoring income and expenditure against forecasts within the context of the annual budgets and the rolling 5 year financial plans. Capital expenditure plans and cash flow requirements are also closely reviewed, particularly in the light of the Trust's borrowing commitments and repayment requirements.
 - Risk management is incorporated into all of the Group's operations and robust risk management procedures are well established. The most significant risks are discussed at each relevant Trust Board meeting. Further details are contained on page 9.
 - The Trustees review and endorse all policies to ensure consistent long term regulatory compliance.

- b) The interests of the Group's employees:
 - Authoritative and frequent communication with staff at the two Schools has been essential, especially during the lockdown when many staff were working remotely. This has been conducted by regular staff team meetings and routine weekly written communications to staff and parents. Staff who have been furloughed have been contacted by their own line management and through a series of newsletters and other communications to maintain their awareness. Staff have been kept informed about staffing, financial and strategic issues affecting them and the Schools.
 - Full details of the employment policy are contained on page 3.
 - The Trustees receive regular reports on staff matters through the Schools' termly reports.
 - All senior management are involved in the early stages of the strategic plan development, and staff are updated on the plan and priorities at the start of each academic year.

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- Meaningful engagement is encouraged through the staff forum at each School where employees across all departments discuss and make recommendations direct to senior management. A diverse programme of well-being activities is available to all staff.
 - At both Schools there was a full consultation programme prior to each Schools' decision to withdraw from the Teachers' Pension Scheme.
- c) The need to foster the Group's relationships with stakeholders:
- The Group's beneficiaries and donors are the focus of all the Schools' operations.
 - A fair and consistent selection policy ensures a diverse and thriving pupil body who are fully supported throughout their education from nursery to external examinations for the senior schools of their choice, enabling and preparing pupils for later life.
 - Robust recruitment of the best teachers and valuing staff supports stability and a high standard of education.
 - A fair policy of bursary awards, consistently applied, supports families who may not otherwise be able to access education at the Schools.
 - The parent contract forms the basis of the relationship with fee payers. This is reviewed regularly to ensure best practice and then applied fairly and consistently. Parental engagement is maintained through regular correspondence and termly publications.
 - All suppliers are treated fairly and promptly with adherence to business terms.
 - The Group receives regular reports and updates in fundraising regulations through the Schools; the Schools do not engage with any external third party fundraisers.
- d) The impact of the Group's operations on the community and the environment:
- The Group supports the Schools in undertaking a full provision of community and partnership activity.
 - Full details are contained on page 5.
- e) The desirability of the Group maintaining a reputation for high standards of business conduct:
- The Schools' Bribery Policies set out the responsibilities for staff to report any incidents or suspicion of fraud, bribery or corruption arising in the course of their work and to cooperate fully with related investigations. The Schools take a zero tolerance approach towards fraud, bribery and corruption. The Whistleblowing Policies support staff in this approach.
- f) The need to act fairly:
- All Trustees and senior staff complete an annual Conflict of Interest Declaration. There have been no reported incidents of unacceptable relationships.

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ACHIEVEMENTS AND PERFORMANCE

Review of achievements and performance for the year

The year was split into two very different six month periods. During the first six months the Trust was concerned with pursuing the snagging and final account in respect of the Lower School project. This project was a clear demonstration of the Trust's commitment to maintaining the Schools' excellence through its extensive capital investment programme. The redevelopment of the Lower School in London, including new kitchens and a new servery was completed in July 2019 in time for the School to be in occupation at the start of the academic year 2019/20.

The project was funded by the Trust in support of Dulwich Prep London at a cost in the region of £13.5 million. This cost was partly covered through the sale of surplus residential property in London, which completed on 3rd July raising £610k gross, and partly through a bank loan of £5 million secured on other freehold residential property. The Trust only drew down £4.3 million of the loan.

The second six months of the year was characterised by the Covid-19 pandemic and the Trust's Schools, in common with all other schools in the UK, were obliged to close from 24th March. Both Schools rolled out on-line learning platforms incorporating a mixture of home exercises, pre-recorded videos and remote teaching. In addition, both Schools provided key worker teaching from March to July. From 1st June, and following extensive risk assessments, certain Year Groups were able to return to school.

At the end of the academic year the Trust's Schools sent 189 pupils to over 30 different senior schools, including many of the top schools in the UK. Between them these pupils gained the offer of 115 scholarships and awards. The Trust's recognition of the importance of providing a first class education was demonstrated by the variety of these awards which were achieved not only for academic success, but also for art, DT, music and sport.

Following a full consultation process Dulwich Prep Cranbrook withdrew from the Teachers' Pension Scheme and initiated a new alternative defined contribution pension arrangement with effect from 1st November 2019

FINANCIAL REVIEW

The Group's net income for the year ended 31 August 2020 amounted to £1,020,818 (2019: £1,986,237). The net cash generated from operations was partially used to pay for the Trust's capital expenditure on the Lower School project in support of Dulwich Prep London. The net book value of fixed assets amounted to £42,625,053 (2019: £43,409,714).

The Trust receives income through the rents received from the Schools for their use of educational and residential property. It also benefits from donations of surplus funds from the Schools when the Schools' reserves policies permit.

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Reserves

The Trust's reserves policy is to maintain its free unrestricted reserves at a minimal level given the confidence it has in its continuing income stream from the Schools, both from rents and from any surpluses. At any time, however, it may build up reserves in anticipation of a future capital project to support the Schools or to support its other charitable objectives. Alternatively, as at present, it may be prepared to borrow funds for the short to medium term to invest in capital projects to support the Schools. At the year end, therefore, the Trust had negative free unrestricted reserves of £7,304,575 (2019: £8,447,307).

The Trust's reserves policy is influenced by the level of reserves at subsidiary undertaking level and the Trust and subsidiary undertakings may, from time to time, build up reserves in anticipation of a future capital project at either school or to meet other charitable objectives. Funds held by the Group at the year end totalled £37,740,666 (2019: £36,719,848) with negative free unrestricted reserves including pension reserves of £4,898,227 (2019: £6,703,368).

The Trustees have considered the reserves policy in light of the Covid-19 pandemic and have concluded that no adjustments to the policy need to be made.

Post balance sheet events

Having completed consultation with teaching staff in respect of the School's continued membership of the Teachers' Pension Scheme, the Board of Dulwich Prep London made the decision on 27th January 2021 to withdraw from the Scheme on 31st August 2021.

While much of the Trust's property is freehold it leases parts of its London facilities from the Dulwich Estate. In September 2020 a 50 year lease extension to 2081 was secured on the main site which extends the Trust's leases on its key London facilities for the benefit of Dulwich Prep London. Under the terms of the agreement a premium of £1.1m is payable to the Dulwich Estate in three tranches: all three tranches have now been paid.

The sale of the residential site at Cranbrook noted above exchanged on 7th August 2020 and completed on 14th September 2020 raising £1.425m gross.

Going concern

All the pupils at both Schools returned for the start of the Autumn Term 2020. However, in light of the Covid-19 pandemic and the imposition of a third lockdown in January 2021 the Group's cash flow was reviewed using assumptions designed to reflect a conservative assessment of the impact of Covid-19, particularly on the revenues of each School taking into account each School's experience over the Summer Term 2020. These have included the refunds to parents provided at each School, the forecast enrolment of pupils and the decision to freeze fees at current levels for the next academic year 2020/21 as well as parents' ability to pay fees. Each School has also reviewed its expected expenditure and sought to make savings wherever possible without impacting on the quality of education, including taking advantage of the furloughing of, primarily, non-academic staff.

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Certain capital expenditure has been postponed and the Trust has agreed a repayment holiday on its existing loan for 12 months from June 2020.

Having assessed the Trust's financial position and its available facilities, the risks to which it is exposed and the detailed cash projections noted above the Trustees are satisfied that it remains appropriate to prepare the statements on a going concern basis.

Future plans

- To continue to stretch and challenge all pupils academically irrespective of their level of ability and to offer them a broad range of artistic, musical and sporting options.
- To give children the opportunity to move on to a large and varied range of senior schools.
- To continue to seek and provide opportunities to engage with local maintained schools and the wider community and through this to ensure staff, parents and pupils have an appreciation of the world around them and the difference they can make.
- To offer bursary places at the Schools to pupils whose parents would not otherwise be able to afford the fees.
- To continue to increase pupil numbers.
- To continue to ensure financial stability.
- To retain high performing staff and provide them with developmental training.
- To continue to develop the Schools' sites as and when required, including the extension of the Pre-Prep building in London.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees considered the affordability of fees by parents across the independent sector to be the principal risk faced by the Trust. This risk is likely to increase as the future financial impact of Covid-19 emerges in the coming months and years. Other economic and political risks include the uncertain implications of Brexit in the coming months and years, the potential removal of business rate relief enjoyed by both Schools as charities and the potential introduction of VAT on school fees.

Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the Schools is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

Detailed consideration of risk is undertaken for each School by its Board, with input from the Senior Leadership Teams. The Trust also considers risk at Group level and the Risk Register is a standing item at each Board meeting. The risk management process and the resulting register identify risks, assess their impact and likelihood and, where necessary, recommend controls to mitigate and monitor those risks which are assessed as high. In particular, the threat arising from any terrorist activity in London is kept under close review.

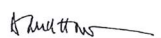
The generic controls used by the Trust to minimise risk include:

- detailed terms of reference together with formal agendas for Board activity;
- strategic development planning, reviewed annually by the Board;
- comprehensive budgeting and management accounting;
- established organisational structures and lines of reporting;
- formal written policies including clear authorisation and approval levels;
- vetting procedures as required by law for the protection of the vulnerable.

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The Trustees regularly review the effectiveness of current plans and strategies for managing all identified major risks for the Group.

Approved by the Board of Dulwich Preparatory Schools Trust, including, in their capacity as company directors, approving the Directors' and Strategic Report contained therein, and signed on its behalf by:



D H Nelson
Chairman

Date: 23rd March 2021

DULWICH PREPARATORY SCHOOLS TRUST
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the financial statements of Dulwich Preparatory Schools Trust for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Group and Trust Balance Sheet, the Consolidated Cash Flow Statement and notes to the Financial Statements. 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 Group's and the charitable company's affairs as at 31 August 2020 and of the Group's 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 Group 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 Group's or 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.

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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 our audit

- the information given in the Trustees' report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report included within the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 1, 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 Group's or the charitable company's ability to continue as a going concern, disclosing, as applicable,

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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.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

26 March 2021

DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2020
(Incorporating an income and expenditure account)

	Notes	Unrestricted Funds 2020 £	Restricted Funds 2020 £	2020 Total £	2019 Total £
Income from:					
Charitable activities:					
School fees receivable	2	18,810,170	-	18,810,170	20,729,771
Other educational income	3	352,893	-	352,893	654,884
Ancillary income	4	746,289	-	746,289	1,744,439
Other trading activities					
Non-ancillary trading income	5	130,351	-	130,351	113,498
Investments					
Bank and other interest		5,118	-	5,118	6,015
Voluntary sources					
Donations and legacies		21,728	2,338	24,066	22,753
Job retention scheme grant		953,702	-	953,702	-
Total income		21,020,251	2,338	21,022,589	23,271,360
Expenditure on:					
Raising funds					
Financing costs	6	(141,291)	-	(141,291)	(20,533)
Total costs of raising funds		(141,291)	-	(141,291)	(20,533)
Charitable activities					
Education and grant making	6	(19,793,480)	-	(19,793,480)	(20,838,590)
Total expenditure		(19,934,771)	-	(19,934,771)	(20,859,123)
Net income		1,085,480	2,338	1,087,818	2,412,237
Transfer between funds	15	2,000	(2,000)	-	-
Pension scheme actuarial (losses)	17	(67,000)	-	(67,000)	(426,000)
Net movement in funds for the year		1,020,480	338	1,020,818	1,986,237
Fund balances brought forward at 1 September 2019		36,706,346	13,502	36,719,848	34,733,611
Fund balances carried forward at 31 August 2020		37,726,826	13,840	37,740,666	36,719,848

The notes on pages 18 to 37 form part of these financial statements.

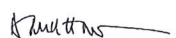
DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 AUGUST 2020

	Notes	Group 2020 £	Group 2019 £	Trust 2020 £	Trust 2019 £
FIXED ASSETS					
Tangible assets	9	42,625,053	43,409,714	41,671,758	42,616,529
CURRENT ASSETS					
Debtors	10	1,198,358	861,668	482,954	84,500
Cash at bank and in hand		2,878,919	1,806,462	606,655	129,680
		<u>4,077,277</u>	<u>2,668,130</u>	<u>1,089,609</u>	<u>214,180</u>
CREDITORS: Amounts falling due within one year	11	<u>(4,816,544)</u>	<u>(5,436,198)</u>	<u>(4,798,467)</u>	<u>(5,445,086)</u>
NET CURRENT LIABILITIES		<u>(739,267)</u>	<u>(2,768,068)</u>	<u>(3,708,858)</u>	<u>(5,230,906)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		41,885,786	40,641,646	37,962,900	37,385,623
CREDITORS: amounts falling due after more than one year	12	<u>(3,616,120)</u>	<u>(3,322,798)</u>	<u>(3,582,355)</u>	<u>(3,203,039)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		38,269,666	37,318,848	34,380,545	34,182,584
Defined benefit pension scheme liability	17	<u>(529,000)</u>	<u>(599,000)</u>	<u>-</u>	<u>-</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u>37,740,666</u>	<u>36,719,848</u>	<u>34,380,545</u>	<u>34,182,584</u>
CHARITY FUNDS					
Unrestricted funds excluding pension reserve		38,255,826	37,305,346	34,367,183	34,169,222
Pension reserve		(529,000)	(599,000)	-	-
Restricted funds		13,840	13,502	13,362	13,362
TOTAL FUNDS		<u>37,740,666</u>	<u>36,719,848</u>	<u>34,380,545</u>	<u>34,182,584</u>

The notes on pages 18 to 37 form part of these financial statements.

The parent charity result for the year ended 31 August 2020 was a surplus of £213,767 (2019: £2,062,269).

The financial statements were approved by the Trustees on 23 March 2021 and signed on their behalf, by:



D H NELSON
Chair of Board

Company Number: 579923

**DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	£	2020 £	£	2019 £
Net cash inflow from operations					
Net cash provided by operating activities	(i)		1,134,661		2,452,012
Cash flows from investing activities:					
Additions to fixed assets (excluding capitalised borrowing costs)		(584,750)		(5,641,432)	
Proceeds from sale of tangible fixed assets		598,828		1,272,859	
Investment income and bank interest received		5,118		6,015	
Net cash provided/(used in) investing activities			19,196		(4,362,558)
Cash flows from financing activities:					
Cash inflows from borrowing		300,000		1,000,000	
Repayment of loan		(396,978)		-	
Borrowing costs		15,578		(177,253)	
Net cash (used in)/provided from financing activities			(81,400)		822,747
Change in cash and cash equivalents in the reporting period			1,072,457		(1,087,799)
Cash and cash equivalents at the beginning of period			1,806,462		2,894,261
Cash and cash equivalents at the end of the reporting period	(ii)		2,878,919		1,806,462

The notes on pages 18 to 37 form part of these financial statements.

**DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020	2019
	£	£
(i) Reconciliation of net movement in funds to net cash flow from operating activities		
Net incoming resources	1,087,818	2,412,237
Elimination of non-operating cash flows:		
Investment income	(5,118)	(6,015)
Defined benefit pension scheme adjustments	(137,000)	(149,000)
Depreciation and amortisation charges	1,242,743	1,345,536
Interest charges	83,287	-
(Profit) on disposal of fixed assets	(472,161)	(1,194,054)
(Increase)/Decrease in debtors	(336,691)	61,247
(Decrease) in creditors (excluding bank loans, fees in advance scheme and deposits)	(338,826)	(32,062)
(Decrease) in fees in advance scheme creditors	(70,779)	(8,078)
Increase in parents' deposits	<u>81,388</u>	<u>22,201</u>
	<u>46,843</u>	<u>39,775</u>
Net cash inflow from operations	<u>1,134,661</u>	<u>2,452,012</u>
	2020	2019
	£	£
(ii) Analysis of cash and cash equivalents		
Cash at bank and in hand	2,878,919	1,806,462

**DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The accounts are drawn up on the historical cost basis of accounting.

The Trust is a Public Benefit Entity registered as a charity in England and Wales (charity number: 312715) and a company limited by guarantee, (company number: 00579923). Its registered office is 42 Alleyn Park, Dulwich, London SE21 7AA.

The consolidated financial statements include the results of the Trust and its two subsidiaries, Dulwich Prep London and Dulwich Prep Cranbrook (together 'the Group'). Accordingly, the Consolidated Statement of Financial Activities reflects the incoming resources and resources expended of the Group and not the Trust as an individual entity.

1.2 Going Concern

Having reviewed the cash position of the Trust together with the expected ongoing demand for places at the Schools and future projected cash flows, including the ongoing effects of Covid-19 and potential lockdowns, the Trustees have a reasonable expectation that the Group has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Group's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Critical accounting judgements and key sources of estimation uncertainty

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

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

The Group's liability for the Non-Teaching Staff defined benefit pension scheme involves a number of assumptions as disclosed in note 17. In the view of the Trustees, no other 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.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

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

1.4 Income

All income is included in the consolidated statement of financial activities when the Group has entitlement to the funds, receipt is probable and the amount can be measured with sufficient reliability. Fees consist of charges for the school year ending August, less bursaries and allowances. Fees received in advance are deferred and released to income in the period to which the fees relate. Grant income is recognised as and when entitlement arises, can be reliably quantified and the benefit is probable.

1.5 Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer-term liabilities and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases. Fixed assets are capitalised if they exceed a non-trivial amount in the context of the Trust's or relevant School's operations being £500 in the case of the Trust and Dulwich Prep London and £200 in the case of Dulwich Prep Cranbrook.

Freehold land	-	Not depreciated
Freehold property	-	Over 5 to 50 years
Long-term leasehold property	-	Reducing balance over remaining life of the lease
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	10% straight line
Computer equipment	-	25-50% straight line

Borrowing costs directly attributable to capital development projects have been capitalised.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

1.7 Fund accounting

Unrestricted income of the Trust belongs to the Trust's corporate reserves, spendable at the discretion of the Trustees to further the Trust's objects. The unrestricted income of the Schools similarly belongs to the corporate reserves of the relevant school and is spendable at the discretion of its Governors to further the school's objects. The objects of the Trust and the Schools contain provisions to provide support to each other. Where the Trustees or Governors (as relevant) decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Restricted funds may only be spent on the charitable purpose specified by the donor.

1.8 Pension costs

Retirement benefits to employees of the Group are now provided through one defined benefit and two defined contribution schemes. The pension costs charged in the Statement of Financial Activities are determined as follows:

(a) The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the Group's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, the Group accounts for the scheme as if it were a defined contribution scheme. The Group's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable. Dulwich Prep Cranbrook left this scheme on 31 October 2019.

(b) From 1 November 2019, Dulwich Prep Cranbrook teaching staff have become members of the Aviva Pension Trust for Independent Schools which as its name implies is operated by Aviva for a number of private schools. Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

(c) The Dulwich Preparatory Schools Trust Non Teaching Staff Group Personal Pension Plan - This is a defined contribution group personal pension plan with Aviva. Employer's pensions costs are charged in the period in which the salaries to which they relate are payable.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

1 ACCOUNTING POLICIES (continued)

In addition the Trust has historically provided retirement benefits to non-teaching staff through a defined benefit scheme, The Dulwich Preparatory Schools Pension Scheme. The scheme is now closed so there are no current service costs, other than administration expenses which are borne directly by the Schools. The expected return on the scheme assets less the scheme interest costs are credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

1.9 Operating leases

Rental income and expenditure under operating leases are accounted for on a straight-line basis over the lease term, even if the payments are not made on such a basis.

1.10 Financial instruments

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

Administration and similar fees paid for borrowings are treated as interest and amortised over the life of the loans

1.11 Taxation

The Trust is a registered charity No.312715 and as such is not liable to United Kingdom income tax or corporation tax on charitable activities.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

2 FEES RECEIVABLE	2020	2019
	£	£
Fees receivable consist of:		
School fees	19,890,600	21,873,720
Less: total awards and concessions	(1,080,430)	(1,143,949)
	<u>18,810,170</u>	<u>20,729,771</u>
<p>Included within awards and concessions are means-tested bursaries totalling £417,718 which were paid to 38 pupils (2019: £482,128 to 46 pupils).</p>		
3 OTHER EDUCATIONAL INCOME	2020	2019
	£	£
Entrance and registration fees	43,090	35,180
Courses and sub-lettings	244,414	430,963
AVP sports activities income	65,389	188,741
	<u>352,893</u>	<u>654,884</u>
4 ANCILLARY AND OTHER INCOME	2020	2019
	£	£
School shop, School trips and Other income	274,128	550,385
Profit on sale of fixed assets	472,161	1,194,054
	<u>746,289</u>	<u>1,744,439</u>
5 OTHER TRADING ACTIVITIES	2020	2019
	£	£
Rents receivable	<u>130,351</u>	<u>113,498</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

6 ANALYSIS OF EXPENDITURE

	Staff costs	Depreciation	Other costs	Total 2020	Total 2019
	(Note 7)	(Note 9)			
	£	£	£	£	£
Raising funds					
Financing costs	10,000	-	131,291	141,291	20,533
Total costs of raising funds	10,000	-	131,291	141,291	20,533
Charitable expenditure					
Teaching	10,779,590	-	1,130,803	11,910,393	12,323,146
Welfare	359,680	-	959,059	1,318,739	1,633,522
Premises	753,490	1,242,744	1,943,760	3,939,994	4,044,758
Support costs	1,772,155	-	852,199	2,624,354	2,837,164
Total charitable expenditure	13,664,915	1,242,744	4,885,821	19,793,480	20,838,590
Total expenditure	13,674,915	1,242,744	5,017,112	19,934,771	20,859,123

Support costs include the following relating to governance

	2020	2019
	£	£
Trustee costs	5,956	8,537
Legal and consultancy fees	11,790	39,393
Remuneration paid to auditor for audit services	30,750	30,000

7 STAFF COSTS

The aggregate payroll costs for the year were as follows:

	2020	2019
	£	£
Wages and salaries	10,741,109	10,775,710
Social security costs	1,061,542	1,063,299
Pension costs and other benefits	1,872,264	1,452,626
	13,674,915	13,291,635

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

7 STAFF COSTS (Continued)

Aggregate employee-benefits of key management personnel amounted to £574,033 (2019: £579,920) including pension contributions of £66,067 (2019: £58,767).

Number of higher paid employees in bands of:	2020	2019
£60,001 to £70,000	14	11
£70,001 to £80,000	3	1
£80,001 to £90,000	1	-
£100,001 to £110,000	-	1
£120,001 to £130,000	2	1
£150,001 to £160,000	-	1
The number with retirement benefits accruing		
- in Defined Contribution schemes was	4	1
of which the contributions amounted to	50,157	13,706
- in Defined Benefit schemes was	16	11

One higher paid member of staff moved from defined benefit to defined contribution scheme in November 2019.

The average number of the Group's employees during the year, calculated on headcount, was

	2020	2019
Teaching	201	218
Domestic and estates	49	52
Administrative	81	74
	331	344

During the year there were redundancy or termination payments which amounted to £36,896 (2019: £5,896) of which £nil was outstanding for payment at the year end.

8 TRUSTEE COSTS AND RELATED PARTY TRANSACTIONS

During the year, there was no re-imburements to Trustees in the year (2019: £nil) and no other amounts (2019: nil) paid to Trustees. During the year 1 (2019: 1) Trustee received re-imburements of expenses for travel and subsistence totalling £97 (2019: £29). During the year £30,000 (2019: £25,000) was paid to M J Tiplady for consultancy related to the Trust's property portfolio and £643 (2019: £1,025) for expenses for travel. The payments are permitted under the Trust's governing document.

In the year at Dulwich Prep London one Governor was re-imbursed for travel expenses £36 (2019: 1 Governor received £160). There was no reimbursement made to Governors in 2020 (£525 in 2019 paid to Mrs L M Davidson, a Governor of the School, for assistance in the assessment of children in Early Years).

In the year at Dulwich Prep Cranbrook there were no re-imburements for expenses for travel and subsistence (2019: £48).

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

9 TANGIBLE FIXED ASSETS

Group

	Freehold property	Leasehold Land and Buildings improvements	Furniture Fixtures and Equipment	Office Equipment	Vehicles	Total
Cost	£	£	£	£	£	£
At 1 September 2019	25,397,234	35,810,738	1,997,240	968,019	149,731	64,322,962
Additions	-	426,091	58,555	100,104	-	584,750
Disposals	(130,138)	-	-	(29,017)	(23,218)	(182,373)
At 31 August 2020	<u>25,267,096</u>	<u>36,236,829</u>	<u>2,055,795</u>	<u>1,039,106</u>	<u>126,513</u>	<u>64,725,339</u>
Depreciation						
At 1 September 2019	7,942,850	10,540,275	1,490,103	818,682	121,338	20,913,248
Charged in year	561,275	491,526	90,328	90,627	8,988	1,242,744
Disposals	(3,471)	-	-	(29,017)	(23,218)	(55,706)
At 31 August 2020	<u>8,500,654</u>	<u>11,031,801</u>	<u>1,580,431</u>	<u>880,292</u>	<u>107,108</u>	<u>22,100,286</u>
Net book values						
At 31 August 2019	17,454,384	25,270,463	507,137	149,337	28,393	43,409,714
At 31 August 2020	<u>16,766,442</u>	<u>25,205,028</u>	<u>475,364</u>	<u>158,814</u>	<u>19,405</u>	<u>42,625,053</u>

Trust

	Freehold property	Leasehold Land and	Total
Cost	£	£	£
At 1 September 2019	25,378,174	35,720,797	61,098,971
Additions	-	231,850	231,850
Disposals	(130,138)	-	(130,138)
At 31 August 2020	<u>25,248,036</u>	<u>35,952,647</u>	<u>61,200,683</u>
Depreciation			
At 1 September 2019	7,942,267	10,540,175	18,482,442
Charged in year	560,894	489,059	1,049,953
Disposals	(3,470)	-	(3,470)
At 31 August 2020	<u>8,499,691</u>	<u>11,029,234</u>	<u>19,528,925</u>
Net book values			
At 31 August 2019	17,435,907	25,180,622	42,616,529
At 31 August 2020	<u>16,748,345</u>	<u>24,923,413</u>	<u>41,671,758</u>

At 31 August 2020 the Group had capital commitments of £330,989 (2019: £0).

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

10 DEBTORS

	Group 2020 £	Group 2019 £	Trust 2020 £	Trust 2019 £
Fee debtors	131,297	198,541	-	-
Sundry debtors	700,426	237,434	366,667	84,500
Prepayments	366,635	425,693	116,287	-
	<u>1,198,358</u>	<u>861,668</u>	<u>482,954</u>	<u>84,500</u>

11 CREDITORS: amounts falling due within one year

	Group 2020 £	Group 2019	Trust 2020 £	Trust 2019 £
Trade creditors	330,973	429,800	58,055	71,657
Social security and other taxation	259,062	275,577	-	-
Fees in advance	1,697,146	1,681,931	-	-
Other creditors	283,028	328,872	5,725	5,915
Fee deposits	1,463,154	1,381,766	-	-
Amounts owed to subsidiaries	-	-	4,133,584	4,331,549
Bank loan	285,436	662,866	285,436	662,866
Accruals	497,745	675,386	315,667	373,099
	<u>4,816,544</u>	<u>5,436,198</u>	<u>4,798,467</u>	<u>5,445,086</u>

12 CREDITORS: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Trust 2020 £	Trust 2019 £
Loans due within two to five years	2,903,136	2,268,280	2,903,136	2,268,280
Loans due in more than five years	679,219	934,759	679,219	934,759
Fees in advance	33,765	119,759	-	-
	<u>3,616,120</u>	<u>3,322,798</u>	<u>3,582,355</u>	<u>3,203,039</u>

The Trust's loan balance comprises drawings under two facilities from NatWest Bank which originally totalled £5 million. The first is a fixed rate loan at 3.14% of which £3 million was drawn in June 2018. It was repayable in equal monthly instalments of £45,755 originally commencing in July 2019. The Trust was granted a 12 month repayment holiday for both facilities following the pandemic in May 2020 as a consequence the loan is now due to recommence, at the same rate, in April 2021 and end in June 2026; the amount required to repay the loan on 31 August 2020 was £2,661,567 (2019: £2,865,905).

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

13 CREDITORS: amounts falling due after more than one year (contd)

The second is a variable rate loan at 1.25% above base rate of which £1 million was drawn in November 2018 and a further £300,000 was drawn in November 2019. It was repayable by monthly instalments of £29,280, following the repayment holiday, the payments, at the same rate, will recommence in April 2021 and now end in October 2026; the amount required to repay the loan on 31 August 2020 was £1,233,228 (2019: £1 million).

No further drawings were permitted after November 2019 and there is no penalty for early repayment of either facility. The loans are secured by a charge over certain of the Trust's residential freehold assets which have a net book value of £2.25million and a market value of £6.15 million.

13 FEES IN ADVANCE

	Group	Group
	2020	2019
	£	£
Fees in advance will be applied as follows:		
Within one to two years	33,765	119,759
Within one year	1,697,146	1,681,931
	<u>1,730,911</u>	<u>1,801,690</u>
Movements in Fees in advance	1,801,690	1,809,769
Opening Fees in advance	(1,681,931)	(1,774,877)
Amount released to income during the year	1,611,152	1,766,798
Amount deferred during the year	<u>1,730,911</u>	<u>1,801,690</u>

14 OPERATING LEASE INCOME AND COMMITMENTS

At 31 August 2020 the total of future minimum operating lease income receivable under non-cancellable operating leases amounted to:

	Group	Group	Trust	Trust
	2020	2019	2020	2019
	£	£	£	£
Land and buildings within 1 year	-	-	1,638,100	1,636,350
Land and buildings 2 and 5 years	-	-	6,655,400	6,748,650
Land and buildings after more than 5 years	-	-	50,467,200	53,334,050
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

14 OPERATING LEASE INCOME AND COMMITMENTS

At 31 August 2020 the total of future minimum operating lease commitments payable under non-cancellable operating leases amounted to:

	Group 2020	Group 2019	Trust 2020	Trust 2019
	£	£	£	£
Land and buildings within 1 year	544,300	544,300	544,300	544,300
Land and buildings 2 and 5 years	2,157,200	2,177,200	2,157,200	2,177,200
Land and buildings after more than 5 years	3,336,100	3,860,400	3,336,100	3,860,400
Other within 1 year	183,054	162,303	-	-
Other between 2 and 5 years	274,922	345,537	-	-

The charge in the year was £725,612 (2019: £663,809) for the Group and £543,300 (2020: £545,452) for the Trust.

The Trust signed a lease extension in September 2020 for the site at Dulwich Prep London. As a result of this the minimum operating lease commitments payable increased to £23,127,000 in September 2020.

15 SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 September 2019	Incoming resources	Resources expended	Gains/ (Loss)	Transfer	At 31 August 2020
	£	£	£	£	£	£
Group						
Unrestricted funds	36,706,346	21,020,251	(19,934,771)	(67,000)	2,000	37,726,826
Restricted funds	13,502	2,338	-	-	(2,000)	13,840
Total funds	36,719,848	21,022,589	(19,934,771)	(67,000)	-	37,740,666
Trust						
Unrestricted funds	34,169,222	2,161,261	(1,963,300)	-	-	34,367,183
Restricted funds	13,362	-	-	-	-	13,362
Total funds	34,182,584	2,161,261	(1,963,300)	-	-	34,380,545

The comparative 2019 figures can be found in Note 21. A transfer of £2,000 (2019 £225) has been made during the year to reflect restricted income spent on Bursary awards (2019 - musical instruments).

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

16 SUMMARY OF NET ASSETS BY FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Group			
Tangible Assets	42,625,053	-	42,625,053
Net Current (Liabilities) / Assets	(753,107)	13,840	(739,267)
Long Term Creditors including Pension Liability	(4,145,120)	-	(4,145,120)
	<u>37,726,826</u>	<u>13,840</u>	<u>37,740,666</u>
Trust			
Tangible Assets	41,671,758	-	41,671,758
Net Current (Liabilities) / Assets	(3,722,220)	13,362	(3,708,858)
Long Term Creditors	(3,582,355)	-	(3,582,355)
	<u>34,367,183</u>	<u>13,362</u>	<u>34,380,545</u>

The comparative 2019 figures can be found in Note 21.

17 PENSION SCHEMES

Current retirement benefits to employees of the Group are provided through one defined benefit schemes and two defined contribution schemes, which are funded by the Group and employees' contributions. There is also a closed defined benefit scheme that operated for non-teaching staff.

Defined benefit scheme

Teachers' Pension Scheme

Dulwich Prep London participates in the Teachers' Pension Scheme ("the TPS") for their teaching staff, Dulwich Prep Cranbrook participated in the scheme until 31 October 2019. The pension charge for the year includes contributions payable to the TPS of £1,201,184 (2019: £1,115,007) and at the year-end £132,709 (2019: £150,702) 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%.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

17 PENSION SCHEMES (CONTINUED)

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 a remedy to the discrimination conclusion has been determined by the Employment Tribunal 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.

During the year the Governors of Dulwich Prep Cranbrook reviewed that school's membership of the Teachers' Pension Scheme as a result of affordability concerns raised by the 43% increase in the employer's contribution introduced with effect from 1st September 2019. Following a full consultation process an alternative defined contribution pension arrangement was offered which was accepted by all the staff involved. This new arrangement provides for employer contributions (inclusive of life assurance premiums) at the same level as the TPS prior to 1st September. Dulwich Prep Cranbrook therefore withdrew from the Teachers' Pension Scheme and initiated the new arrangement with effect from 1st November 2019.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

17 PENSION SCHEMES (CONTINUED)

Following an increase in the employers' contribution to the Teachers' Pension Scheme ("TPS") in September 2019, the Dulwich Prep London Governors commenced consultation on potential withdrawal from the TPS and joining the Aviva Pension Trust for Independent Schools in April 2020. The consultation was concluded in January 2021 and the decision was made to leave the TPS with effect from 31 August 2021.

Defined contribution scheme

The pension cost charge in the year in respect of the defined contribution schemes was £600,695 (2019: £236,415). The significant increase is a result of Dulwich Prep Cranbrook leaving the TPS on 31 October 2019.

Non-teaching defined benefit scheme

The Trust operated this Scheme (the Dulwich Preparatory Schools Trust Non-Teaching Staff Pension Scheme), which was closed on 31 December, both in respect of new members and accrual for existing members.

On 1st September 2017 the Trust transferred the obligations to contribute to the Scheme to each of the Schools. The valuation in these accounts has been derived by projecting the results of the last comprehensive actuarial valuation of the Scheme as at 1 January 2018 and have been prepared by an independent qualified actuary.

	Group 2020 £	Group 2019 £
a) The amounts recognised in the balance sheet are as follows		
Present value of funded obligations	(2,881,000)	(2,850,000)
Fair value of scheme assets	2,352,000	2,251,000
Net (Liability)	(529,000)	(599,000)
b) Changes in the present value of the defined benefit obligation		
	Group 2020 £	Group 2019 £
Opening defined benefit obligation	2,850,000	2,328,000
Interest cost	51,000	60,000
Actuarial losses	39,000	478,000
Benefits paid	(59,000)	(16,000)
Closing defined benefit obligation	2,881,000	2,850,000

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

17 PENSION SCHEMES (CONTINUED)

c) Changes in the fair value of the scheme assets	Group	Group
	2020	2019
	£	£
Opening fair value of scheme assets	2,251,000	2,006,000
Interest income	41,000	54,000
Return in excess of interest income	(28,000)	52,000
Contributions by employer	147,000	155,000
Benefits paid	(59,000)	(16,000)
Closing fair value of scheme assets	<u>2,352,000</u>	<u>2,251,000</u>

d) The amounts included within the Statement of Financial Activities

	Group	Group
	2020	2019
	£	£
Interest on obligation	51,000	60,000
Interest income	(41,000)	(54,000)
Total amount charged to the Statement of Financial Activities	<u>10,000</u>	<u>6,000</u>
Net actuarial (losses) recognised in the year	(67,000)	(426,000)

The Group expects to contribute £147,000 in 2019/20. The existing obligations have been assumed by the Schools in proportion to their ongoing contributions as calculated by the Scheme Actuary following the triennial actuarial valuation as at 1 January 2018.

e) Principal actuarial assumptions at the balance sheet date

	2020	2019
Financial Assumptions		
Discount rate	1.6%	1.8%
RPI inflation assumption	3.0%	3.2%
Rate of increase of pensions in payment	3.3%	3.5%
Rate of increase of pensions in deferment	2.2%	2.4%
Assumed life expectancy in years at age 65:		
<i>Non Pensioners</i>		
Females	25.4	25.4
Males	23.4	23.4
<i>Pensioners</i>		
Females	23.9	23.9
Males	<u>21.9</u>	<u>21.9</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

18 TRANSACTIONS WITH SUBSIDIARY ENTITIES

The Trust received donated staff time of employees of Dulwich Prep London totalling £48,618 (2019: £63,605) recognised in the Trust accounts as a gift in kind. The Trust also received rental income of £1,235,600 (2019: £1,225,706) from Dulwich Prep London and £400,750 (2019: £381,625) from Dulwich Prep Cranbrook. Cash resources for the Group are managed centrally by the Trust and as a consequence at 31 August 2020 £3,586,927 (2019: £3,665,341) was due to Dulwich Prep London and £546,656 (2019: £665,320) was due to Dulwich Prep Cranbrook.

In 2019/20 Dulwich Prep London donated £0 (2019: £1.1 million) to the Trust; this reflected surplus income generated by the School.

19 POST BALANCE SHEET EVENTS

The following significant events have occurred subsequent to 31st August 2020:

The sale of the site at Cranbrook for which planning permission for residential development had been obtained and for which contracts had been exchanged on 7th August 2020 completed on 16th September. Gross proceeds of £1.425 million were received resulting in a net profit on the sale of £1.362 million.

In September 2020 a 50 Year lease extension to 2081 was signed with the Dulwich Estate in relation to the Trust's leasehold interest in property occupied by Dulwich Prep London. The signing of the agreement represented the culmination of an agreement reached, in principle, before 31 August 2019 and further secures the facilities for the long term benefit of Dulwich Prep London. Under the terms of the agreement a premium of £1.1 million was payable to the Dulwich Estate in three tranches, the first tranche was paid in September 2020, the remaining two were paid in February 2021.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

20 SUBSIDIARY ENTITIES

Dulwich Prep London

Registered office 42 Alleyn Park, Dulwich, London SE21 7AA
 Company number 10814894
 Charity number 1174356

<u>Abbreviated SOFA</u>	2020	2019
	£	£
Income	14,658,903	15,544,257
Expenditure *	(13,797,724)	(15,499,209)
Pension scheme actuarial (losses)	(15,300)	(97,600)
Net movement in funds for the year	<u>845,879</u>	<u>(52,552)</u>
Funds brought forward at 1 September 2018	1,908,862	1,961,414
Funds carried forward at 31 August 2019	<u>2,754,741</u>	<u>1,908,862</u>

<u>Abbreviated Balance Sheet</u>	2020	2019
	£	£
Fixed assets	786,376	582,189
Cash at bank	1,416,420	640,021
Other assets	3,967,663	4,079,193
Creditors: Amounts falling due within one year	(3,260,853)	(3,177,137)
Creditors: Amounts falling due after more than one year	(33,765)	(78,204)
Pension scheme liability	(121,100)	(137,200)
Net assets	<u>2,754,741</u>	<u>1,908,862</u>
Total Funds	<u>2,754,741</u>	<u>1,908,862</u>

* Expenditure in 2019 includes the donations of £1.1 million to the Trust.

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

20 SUBSIDIARY ENTITIES (Continued)

Dulwich Prep Cranbrook

Registered office Coursehorn, Cranbrook, Kent, TN17 3NP
 Company number 10815140
 Charity number 1174358

<u>Abbreviated SOFA</u>	2020	2019
	£	£
Income	5,886,966	6,535,122
Expenditure	(5,858,404)	(6,230,787)
Pension scheme actuarial (losses)	(51,700)	(328,400)
Net movement in funds for the year	(23,138)	(24,065)
Funds brought forward at 1 September 2019	628,520	652,585
Funds carried forward at 31 August 2020	605,382	628,520

<u>Abbreviated Balance Sheet</u>	2020	2019
	£	£
Fixed assets	166,917	210,995
Cash at bank	855,847	1,036,764
Other assets	881,327	996,818
Creditors: Amounts falling due within one year	(890,809)	(1,112,702)
Creditors: Amounts falling due after more than one year	-	(41,555)
Pension scheme liability	(407,900)	(461,800)
Net assets	605,382	628,520
Total Funds	605,382	628,520

DULWICH PREPARATORY SCHOOLS TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2020
(Incorporating an income and expenditure account)

21 PRIOR YEAR COMPARATIVE NOTE

(A) 2019 STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total 2019 £
Income from:				
Charitable activities:				
School fees receivable	2	20,729,771	-	20,729,771
Other educational income	3	654,884	-	654,884
Ancillary income	4	1,744,439	-	1,744,439
Other trading activities				
Non-ancillary trading income	5	113,498	-	113,498
Investments				
Bank and other interest		6,015	-	6,015
Voluntary sources				
Donations and legacies		15,641	7,112	22,753
Total income		<u>23,264,248</u>	<u>7,112</u>	<u>23,271,360</u>
Expenditure on:				
Raising funds				
Financing costs	6	<u>(20,533)</u>	<u>-</u>	<u>(20,533)</u>
Total costs of raising funds		<u>(20,533)</u>	<u>-</u>	<u>(20,533)</u>
Charitable activities				
Education and grant making	6	<u>(20,838,590)</u>	<u>-</u>	<u>(20,838,590)</u>
Total expenditure		<u>(20,859,123)</u>	<u>-</u>	<u>(20,859,123)</u>
Net income		2,405,125	7,112	2,412,237
Transfer between funds		225	(225)	-
Pension scheme actuarial gains	19	(426,000)	-	(426,000)
Net movement in funds for the year		1,979,350	6,887	1,986,237
Fund balances brought forward at 1 September 2018		34,726,996	6,615	34,733,611
Fund balances carried forward at 31 August 2019		<u>36,706,346</u>	<u>13,502</u>	<u>36,719,848</u>

DULWICH PREPARATORY SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

21 PRIOR YEAR COMPARATIVE NOTES (CONTINUED)

(B) 2019 SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 September 2018 £'000	Incoming resources £'000	Resources expended £'000	Gains/ Losses £'000	Transfer £'000	At 31 August 2019
Group						
Unrestricted funds						
General reserve	34,726,996	23,264,248	(20,859,123)	(426,000)	225	36,706,346
Restricted	6,615	7,112	-	-	(225)	13,502
Total funds	34,733,611	23,271,360	(20,859,123)	(426,000)	-	36,719,848
Trust						
Unrestricted	32,114,065	4,011,075	(1,955,918)	-	-	34,169,222
Restricted funds	6,250	7,112	-	-	-	13,362
Total funds	32,120,315	4,018,187	(1,955,918)	-	-	34,182,584

(C) 2019 SUMMARY OF NET ASSETS BY FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Group			
Tangible Assets	43,409,714	-	43,409,714
Net Current (Liabilities) / Assets	(2,781,570)	13,502	(2,768,068)
Long Term Creditors including Pension Liability	(3,921,798)		(3,921,798)
	36,706,346	13,502	36,719,848
Trust			
Tangible Assets	42,616,529	-	42,616,529
Net Current (Liabilities) / Assets	(5,244,268)	13,362	(5,230,906)
Long Term Creditors	(3,203,039)		(3,203,039)
	34,169,222	13,362	34,182,584

