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**GADS HILL SCHOOL**  
(A company limited by guarantee)

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**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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

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**Governors**

Mr P Savage, Headmaster  
Mrs K Hillocks, Chairman  
Mrs A Eggleton, Vice-Chairman  
Miss N Barker  
Mr O Basi  
Mrs M Dickens  
Mrs C Engall (resigned 10 July 2020)  
Reverend Canon P Kerr  
Mr S Martin  
Mr J Myatt  
Mr G Noble (resigned 16 March 2020)  
Mrs K White (resigned 18 September 2019)  
Mr C Whittington  
Mr N Smith (appointed 30 November 2020)  
Mrs R Hassell (resigned 25 May 2020)  
Dr P Hastwell (resigned 21 August 2019)

**Company registered number**

02427105

**Charity registered number**

803153

**Registered office**

Gads Hill Place, Gravesend Road, Higham, Kent, ME3 7PA

**Independent auditor**

Crowe U.K. LLP, Riverside House, 40 - 46 High Street, Maidstone, Kent, ME14 1JH

**Bankers**

HSBC UK Bank PLC, 84 New Road, Gravesend, Kent, DA11 0AS

Svenska Handelsbanken AB (publ), Colman House, King Street, Maidstone, Kent, ME14 1DN

CAF Bank Limited, 25 Kings Hill Avenue, Kings Hill, Maidstone, Kent, ME19 4JQ

**Solicitors**

dgb Solicitors LLP, Captains House, Central Avenue, Pembroke, Chatham Maritime, Kent, ME4 4UF

Stone King LLP, 13 Queen Sware, Bath, BA1 2HJ

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2020**

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The Governors are pleased to present their annual Governors' report together with the financial statements of the school for the year ending 31 July 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The Governors have adopted the provisions of 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) (effective 1 January 2015).

## **Objectives and Activities**

### **a. Policies and objectives**

Our objectives for 2019/20 were:

- Increasing the junior school to two forms throughout;
- Increasing further the financial support we offer to families of children who would benefit from the education on offer at Gad's;
- Seeking further improvement to our already impressive GCSE examination performance;
- Preparing to roll out the school's innovative "One Curriculum" as a single, coherent programme of study from age 3 to 16;
- Developing further the continuing professional development ("CPD") provision for all staff;
- Improving further the retention of pupils at age 11, maintaining the size of the kindergarten and junior school and increasing further the size of the senior school; and
- Developing a long-term strategy for physical resources: cash, estates and infrastructure.

### **b. Activities for achieving objectives**

We increased the size of the junior school to two forms throughout from September 2019, in the process relocating the Bursary to ensure all junior classes are in suitable classrooms near each other. The average number of junior school pupils across the year rose by 17.44% to 101 (2019: 86). Creative and flexible staffing meant that two more junior classes were added with only one more teacher needing to be employed.

We more than doubled our spend on the financial support we offer to families of children who would benefit from the education on offer at Gad's to 7.61% of Gross Fee Income ("GFI") (2019: 3.79%) This resulted in a sharp increase in the number of pupils benefiting from fee assistance to 91 (2019: 32) however the average value of fee assistance per beneficiary did drop to 22.90% (2019: 34.11%).

We saw further improvement to our already impressive GCSE examination performance with all (2019: 75%) of our GCSE subjects exceeding the England average for grades 9 to 4 and with largely the same proportion (around two-thirds) exceeding the England average for grades 9 to 5. 86% of pupils achieved 5 or more GCSE passes at Grade 4 or better, with 67% achieving 5 or more at Grade 5 or higher. Please see further narrative below (under "Academic Performance") regarding the impact of Covid-19 on public examinations.

We prepared to roll out the school's innovative "One Curriculum" as a single, coherent programme of study from age 3 to 16. The move to off-site learning in summer 2020 did hamper some progress with this important project. Colleagues across the school, however, continued to contribute Knowledge Organisers and Topic Overview documents in their age groups and subject specialisms that completed the groundwork for the project to move forward to secure a single, coherent programme of study able to deliver on our One Curriculum Intent which was settled with colleagues during 2019/20.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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We developed further the continuing professional development (“CPD”) provision for all staff. A major focus of this was to develop our ability to support pupils (and colleagues) with their mental health. Two colleagues gained Level 3 qualifications in Supervising First Aid for Mental Health. This then enabled a further ten colleagues from across the school to gain Level 2 Mental Health First Aid qualifications, valid for three years. A further 12 staff (mix of teaching and non-teaching colleagues) undertook study for a Level 2 qualification in Children and Young People’s Mental Health, certified by Northampton College. The school continued to make good use of its Educare subscription to offer all colleagues training in a number of safeguarding and other topics and as at 17 June 2020 some 679 short courses had been completed this way by colleagues from across the school. External training was secured for diverse purposes including: statutory Designated Safeguarding Lead (“DSL”) training; Paediatric First Aid qualifications; external examination moderation training; and Practical Science courses. We also trained two new teachers via an Initial Teacher Training route, providing excellent CPD for both them and our own teachers. Dr Burke is undertaking a Chartered Teacher (Leader) qualification with the CCT and some teachers are studying for Masters degrees. The Gad’s Hill Teaching and Learning Digest was introduced and published each half term, helping teachers to link recent and relevant research with practice in the classroom.

We saw continued improvement in pupil numbers, improving further the retention of pupils at age 11 and increasing further the size of the senior school by 11.29% to 138 (2019: 124) pupils. Growth in the junior school more than offset the small reduction in the kindergarten.

Whilst documented plans to develop long-term strategies for physical resources (cash, estates and infrastructure) have been deferred to 2020/21 and beyond, it is testament to do the flexible, insightful and effective day-to-day management the school’s SLT and other staff provide that the school had not only resilience to withstand, but also sufficient resources to respond creatively to, the challenges brought along by the Covid-19 pandemic.

**c. Public benefit**

The school educated an average of 181 primary- and 138 secondary-age pupils during 2019/20 at no cost to the public purse (excepting, of course, the exceptional emergency Government funding to protect jobs during the Covid-19 pandemic). The absolute minimum it would have cost public funds to educate these pupils at the Government’s minimum per pupil funding levels would be £1.296M. The real savings to the public purse, however, are considerably greater when the value of capital grants, VAT reclaims and so on are taken in to account. All our staff live in Kent, Medway or one of the adjoining London Boroughs and hence our support to the local economy as the employer of nearly 100 people is significant. Support of our local economy has been increased further by choosing local suppliers for food produce wherever possible, taking more trips to local sites and attractions, and so on.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**Public Benefit (continued)**

During 2019/20 our CCF cadets were honoured to be invited to form the guard for Remembrance Sunday commemorations at The Cenotaph in Westminster. This was in addition to their engagement in memorial parades locally, such as for Armed Forces Day, General Gordon Memorial in Gravesend, Remembrance Day at Higham Parish Church and involvement in marking the 75th anniversary of Operation Market Garden in Arnhem, The Netherlands.

Junior pupils were involved in a number of community events, including joining the Sri Guru Nanak Darbar Gurdwara in marking the Guru Nanak 550 celebrations, and donating mountains of produce to the Caring Hands food bank in Medway at Harvest.

As ever, children across the school raised money through House events for their chosen charities. The school also opened its facilities to a number of local schools and organisations – not just via successful cross-country fixtures and a primary-age football tournament, but also by facilitating the use of our climbing wall and shooting range for local scouting and guides organisations, and making the site available to Kent Police Cadets.

**Strategic report**

**Achievements and performance**

**a. Review of activities**

**COVID-19**

The sudden, unpredictable and immense impact of the Covid-19 pandemic hit the school (and, of course, all others nationally) in March 2020. Many of our parents own their own business or are self-employed and governors worked quickly and imaginatively to seek to reassure parents, starting their dialogue with parents in the COVID-era on a positive, supportive footing, with a sense of community and interdependence so as to try and bring us all through the pandemic together. Key decisions and approaches included:

- During the summer 2020 “lockdown”, providing safe supervision, with access to appropriate ICT, in school for those identified in accordance with Government guidance as “vulnerable”, and also for the children of critical workings.
- Empowering those senior leaders managing the day-to-day impact to proceed innovatively and flexibly, creating swiftly in conjunction with teachers and other staff an interactive on-line learning environment not just to support pupils’ progress during the period of lockdown, but to ensure it.
- Not collecting any funds by Direct Debit in April 2020 from monthly payers, and extending the deadline for termly payers to pay summer term fees, so as to allow a little breathing space and for the dust to settle and things to become clearer regarding, for example, the support Government would give to project jobs, the income of the self-employed and so on.
- Giving parents discounts against summer term 2020 fees ranging from 22.5% to 50% depending on the year group in question.
- Committing early to freezing fees for 2020/21 at the level they were in 2019/20.
- Agreeing “time to pay” arrangements with families where appropriate, to avoid short-term cashflow problems impacting pupils’ long-term education.
- Making accessible on the school’s public website a wide range of information and communications provided to parents as the pandemic unfolded.

These actions were taken in full knowledge that many would impact adversely and considerably both our surplus/loss for the year, and our cash position at year end. Relevant figures are reported in the financial statements. At each step Governors were advised and reassured by two key partners: Crowe UK LLP (our

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**GOVERNORS' REPORT (continued)**  
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Auditors) and HSBC UK Bank PLC (our Bank). Governors wish to record formally via this report their immense and enduring thanks to Messrs Weekes and Offer of these two organisations, without whose expertise, willingness and readiness to support in any way they could, and flexibility of approach the school simply would not have fared half as well.

School leaders took steps to measure how various changes and initiatives were being received by parents. A survey undertaken in May 2020 showed that:

- 91% of parents felt the school was generally managing the impact of the crisis well;
- 84% of parents felt their child's attitude to distance learning was positive;
- 78% of parents felt their child was making progress with their learning and 73% were satisfied with the level of progress being made;
- 48% of parents felt satisfied with the school's approach to fee-setting in the circumstances with 46% stating they disagreed with the approach;
- 88% of parents who had needed to contact the Bursary during the first lockdown had found them to be helpful.

Please see further narrative below (under "Academic Performance") regarding the impact of Covid-19 on public examinations. A number of case studies have been produced on this and other curriculum matters, and are available to staff and Governors.

**Pupil Numbers, Class Sizes and Fees**

Average pupil numbers and class sizes for the year are set out below along with the standard fees however as reported elsewhere these were discounted temporarily in the summer term due to Covid-19.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

Section	Year Group	Average		Standard Fee Level	
		Pupils	Class Size	Termly	Annual
<b>Kindergarten</b>	KN (Nursery)	25	12	£ 3,239	£ 9,717
	KR (Reception)	16	16	£ 3,239	£ 9,717
	K1 (Year 1)	19	19	£ 3,811	£ 11,433
	K2 (Year 2)	20	20	£ 3,811	£ 11,433
	<b>Overall (Nursery to Year 2)</b>	<b>80</b>	<b>16</b>		
	<i>cf Nursery to Year 2 2018/19</i>	<i>84</i>	<i>14</i>		
<b>Juniors</b>	J3 (Year 3)	24	12	£ 4,040	£ 12,120
	J4 (Year 4)	28	14	£ 4,040	£ 12,120
	J5 (Year 5)	27	14	£ 4,040	£ 12,120
	Remove (Year 6)	22	11	£ 4,040	£ 12,120
	<b>Overall (Years 3 to 6)</b>	<b>101</b>	<b>13</b>		
	<i>cf Years 3 to 6 2018/19</i>	<i>86</i>	<i>17</i>		
<b>Seniors</b>	Shell (Year 7)	35	17	£ 4,324	£ 12,972
	Lower 4 <sup>th</sup> (Year 8)	30	15	£ 4,324	£ 12,972
	Upper 4 <sup>th</sup> (Year 9)	19	19	£ 4,566	£ 13,698
	Lower 5 <sup>th</sup> (Year 10)	32	16	£ 4,566	£ 13,698
	Upper 5 <sup>th</sup> (Year 11)	21	11	£ 4,566	£ 13,698
	<b>Overall (Years 7 to 11)</b>	<b>138</b>	<b>15</b>		
	<i>cf Years 7 to 11 2018/19</i>	<i>126</i>	<i>14</i>		
<b>Whole School</b>		<b>319</b>	<b>15</b>		
<i>cf Whole School 2018/19</i>		<i>296</i>	<i>15</i>		

Pupil numbers remained pleasingly on target with the exception of a very small loss of pupils during the summer term 2020 as the Covid-19 pandemic commenced. Fee levels were on average 3.99% higher than those charged in the preceding year. We remain extremely competitively priced against other independent senior schools in the area. Our primary school fees are mid-table however few others locally can provide the value our through-school configuration provides, with primary-age pupils receiving significantly more specialist teaching, and access to specialist resources, than the standalone preparatory schools in the area can achieve.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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### **Academic Performance**

Alongside the announcement, in March 2020, that school sites would close to the majority of pupils and learning would move online, the Prime Minister also brought news that GCSE examinations in summer 2020 would be cancelled. Instead grades would be awarded, at least in part, on the basis of centre assessment. Our cohort of Upper Fifth pupils met this news with a near-universal sense of disappointment and anti-climax, deprived of the opportunity to evidence for themselves their progress and hard work.

The original plan was that grades submitted by schools to exam would then be processed through a system that took into account schools' performance in previous years, but an uproar following the publication of A-Level results led to the abandonment of the "mutant algorithm" and pupils were eventually awarded the higher of this generated grade, or the grade awarded by teachers.

Significant achievements include:

- Our first cohort of GCSE Food Preparation and Nutrition ("FP&N") students reach the conclusion of their studies with 100% of them achieving top grades (9 to 4) compared with only 79% of FP&N students across England achieving those results.
- 81% of pupils gained a grade 9-4 in English Language;
- 95% of pupils gained a grade 9-4 in Mathematics;
- 95% of pupils gained a grade 9-4 in Science (Double Award);
- 86% of pupils (2019: 83%) achieved 5 or more GCSE passes at Grade 4 or better, with 67% (2019: 61%) achieving 5 or more at Grade 5 or higher.
- More pupils achieving the top grades of 7 to 9 than previously. 1 in 3 pupils gained at least one of these highest awards.
- All BTEC music students passed their qualification
- Combined Cadet Force ("CCF") pupils gained diplomas from The Institute of Leadership and Management, a BTEC in Teamwork and Personal Development, Duke of Edinburgh Awards and First Aid qualifications.
- More Gad's pupils than ever before complete drama qualifications with the London Academy of Music and Dramatic Art ("LAMDA") on their solo and small group pathways.

### **Charles Dickens Academic Scholarships**

Autumn Term 2019 saw the third wave of Charles Dickens ("CD") academic scholars commence in the senior school, with a further 11 of the most able children in the area receiving this form of fee assistance. Of particular note, one pupil joined us this year from a local maintained primary school, having achieved a 100% CD Scholarship.

### **Other Forms of Fee Assistance**

Significant increases in both the proportion of gross fee income used to provide fee assistance, and the proportion of families benefiting from some of fee assistance are set out elsewhere in this report. Governors keep under review our policies for all forms of fee assistance to ensure that as many suitable pupils as possible can benefit from the education offered at Gad's Hill School even if their family financial circumstances would otherwise preclude this.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**Financial review**

**a. Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**b. Principal risks and uncertainties**

The Board of governors is responsible for the management of risks faced by the school. Each year the Senior Management Team and the Board identify and assess risks and implement controls to mitigate against these.

Key controls implemented by the school are as follows:

- Formal agenda for all Board and Committee activities
- Strategic planning, budgeting and management accounting
- Structured financial and other forecasting (e.g. pupil numbers) for future years
- Established organisational structure and understood lines of reporting
- Formal written policies

**Approach to fundraising**

Fundraising income remains low, however the School does not specifically target resources for this source of funding. This year the school received donations amounting to £Nil (2019: £30,680). No fundraising complaints (2019: none) were received during the year.

**c. Reserves policy**

The governors review regularly the finances of the school and plan for future years. In common with other independent schools, governors have invested substantial sums into new and improved buildings and facilities in recent years and have a continuing programme of refurbishment, development and investment to maintain excellent teaching facilities for our pupils. Although the school's free reserves, calculated as reserves less fixed assets less designated funds, are at a negative balance of (£3,130,099), this illustrates the extent of the investment in our school, which is common practice for schools in the sector which have to finance their own capital investment plans. The governors consider that, given the strength of the charity's balance sheet, the stable cash flow from healthy student rolls (including the managed impact of the current Covid-19 pandemic), the ongoing popularity of our school, and our strong relationship with bankers, there is current need to build up a free reserve.

As was fully expected when Governors took actions outlined elsewhere to deal with the Covid-19 pandemic, the school's cash balances were depleted, and much lower than originally planned, at 31 July 2020.

Despite balances on 31 July 2020 being below the Governors' policy of holding at least £500,000 cash to fund any unexpected expenditure or shortfall of income, liquidity remained sufficiently strong (and expected to improve significantly in early 2020/21) that Governors remain satisfied with the current level of reserves in the unprecedented context of Covid-19. It is worth noting that the school did not have to ask to defer any loan repayments, nor take on any additional borrowing to weather the storm.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**d. Principal funding**

The principal funding of the school is from school fees.

**Structure, governance and management**

**a. Constitution**

The company is registered as a charitable company limited by guarantee and was set up by a Trust deed

The company is constituted under a Trust deed and is a registered charity number 803153

The charitable objects of the School as set out in the Articles of Association (as amended by Special Resolution dated 28 January 2009) are to advance education and training (including physical training) for the public benefit by provision of a school or schools in the county of Kent, in particular the school known as Gad's Hill School, Higham, Kent.

**Our Mission**

Our mission is to enable our students to enjoy school, to achieve good academic qualifications and to develop those personal attributes and qualities which will guide them on their journey through life.

**Our Vision**

Our vision is to be the first choice independent school for families in Kent who value a well-rounded education for their child. It is our intention that our students leave Gad's Hill as confident, mature, articulate, pleasant and self-reliant young people who are well equipped to enter the world through a university education or career of their choice.

**Our Values**

We value Excellence, Enthusiasm, Friendship and Success. These attributes underpin all that we do. Our Mission and Vision are shaped by our commitment to educate children holistically, as articulated by our school motto: "First to thine own self be true".

**Our Ethos**

Children do well when they are happy at school and at Gad's we pride ourselves on providing a friendly environment, where enthusiasm and hard work are the foundations for achieving success.

There is more to life than exam results alone, and while Gad's enjoys the reputation of receiving good GCSE results this is not our sole focus. We want to offer our pupils a foundation in life, working with them to become confident, motivated and articulate young people ready for the next stage in their education and life beyond.

**Code of Governance**

The Board have taken note of the charity code of governance. While the Board hoped to complete during the calendar year 2020 a review of the impact of the code of governance and how this will be implemented for the charity, the impact of the Covid-19 pandemic required trustees to apply their full attention to this highly volatile situation through 2020 and in to 2021 to safeguard the charity's beneficiaries and ensure the continued strength of the charity itself. The review will therefore now take place in 2022, most likely with the support of external advisors.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**b. Method of appointment or election of Governors**

The management of the company is the responsibility of the Governors who are elected and co-opted under the terms of the Trust deed.

Under the Articles, the Headmaster is a governor. Two governors are appointed by The Dickens Fellowship (one of whom is a member of the Dickens family) and one by election as a chair or representative of The Friends of Gad's Hill School (a separate registered charity) representing parents of pupils at the school. The remaining sixteen governors are elected at a general meeting and one-third of the elected governors, determined by length of service, retires by rotation each year, and may stand for re-election. Nominations for new governors are proposed on the basis of adding specialist skills to the governing body eg legal, financial, educational, medical, estates expertise and so on.

**c. Policies adopted for the induction and training of Governors**

New governors are formally inducted into their roles through a series of briefings by the Chair, Headmaster and Clerk to the Governing Body, along with other members of the school's senior leadership team ("SLT") as appropriate. Governors are encouraged to visit the school regularly and are given an insight into previous meetings of the Board via minutes and the accompanying reports. The governors are offered further training through the Association of Governing Bodies of Independent Schools ("AGBIS") and are informed of seminars held throughout the period that are thought to be beneficial to their governance.

**d. Organisational structure and decision making**

The governors, as directors of the charity, are legally responsible for the overall management and control of the school. They meet a minimum of four times per year, normally once per academic term and once at the commencement of the new school year. There are various sub-committees which meet as required to deal with particular areas of the school. The governors determine the general policy of the school. The day to day management of the school is delegated to the Headmaster.

**e. Key management personnel and remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all governors of the charity. Remuneration details are disclosed in these financial statements. Aside from Governors, the other key management personnel are:

- Mr Paul Savage, Headmaster
- Dr Stephanie Burke, Director of Studies
- Mr Jack Tyler, Head of Seniors
- Miss Sam Long, Head of Juniors
- Mrs Vicky Grant, Head of Kindergarten
- Mr Barry Golding, Bursar, Clerk to the Governing Body and Company Secretary

The Board of Governors is responsible for approving the remuneration levels of all employees. The unremunerated governors approve the Headmaster's remuneration, the Headmaster being the only governor who receives remuneration for his role overseeing the day-to-day running of the school. The Governors' Staff Salary Review Board ("SSRB") sets the salaries individually for the Headmaster and Bursar. The other key management personnel are each paid on one of two SLT incremental pay scales set by the SSRB.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**f. Risk management**

The Governors have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

**Plans for future periods**

**a. Future developments**

The Board has set the following objectives for 2020/21:

- To ensure the continued viability of Gad's Hill School in the face of the global Covid-19 pandemic, ensuring safety for the whole school community and high quality education and outcomes for our pupils across the school;
- Prevent any negative impact of Covid-19 on attainment at Key Stage 4;
- Extend the work already done on "One Curriculum" to see it develop as a diverse and global, 21st century curriculum for all;
- Review the Inclusion Department so as to ensure its readiness to support the above objective as it is rolled out from Autumn 2022;
- To recover our financial reserves to at least the Governors' usual policy of a minimum of £500,000 in available cash;
- To move to a model of 5-year high-level strategic planning;
- Establish a long-term plan for resources, estates and infrastructure..

**Governors' responsibilities statement**

The Governors (who are also directors of Gad's Hill School for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**Disclosure of information to auditor**

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

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

This report was approved by the Governors, on 30 June 2021 and signed on their behalf by:



.....  
**Mrs K. Hillocks**  
**Chair Of Governors**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GADS HILL SCHOOL**

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**Opinion**

We have audited the financial statements of Gads Hill School (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of financial activities incorporating income and expenditure account, 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 July 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Governors are responsible for the other information. The other information comprises the information included in the 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

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GADS HILL SCHOOL**

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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.

**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 Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' 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 Governors' Report including the Strategic Report.

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

- adequate accounting records have not been kept, 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

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

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

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GADS HILL SCHOOL**

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**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](http://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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Weekes (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent  
ME14 1JH  
30 June 2021

**GADS HILL SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
<b>Income and endowments from:</b>						
Donations and legacies	3	196,784	-	-	196,784	30,680
Charitable activities	2	3,349,818	-	-	3,349,818	3,547,273
Investments	4	1,567	-	-	1,567	138
<b>Total income and endowments</b>		<b>3,548,169</b>	<b>-</b>	<b>-</b>	<b>3,548,169</b>	<b>3,578,091</b>
<b>Expenditure on:</b>						
Charitable activities	5	3,476,674	545	1,253	3,478,472	3,387,919
<b>Total expenditure</b>	6	<b>3,476,674</b>	<b>545</b>	<b>1,253</b>	<b>3,478,472</b>	<b>3,387,919</b>
<b>Net income / (expenditure) before investment gains</b>		<b>71,495</b>	<b>(545)</b>	<b>(1,253)</b>	<b>69,697</b>	<b>190,172</b>
Net gains on investments	12	-	-	-	-	83
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>71,495</b>	<b>(545)</b>	<b>(1,253)</b>	<b>69,697</b>	<b>190,255</b>
<b>Net movement in funds</b>		<b>71,495</b>	<b>(545)</b>	<b>(1,253)</b>	<b>69,697</b>	<b>190,255</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		3,163,584	545	1,253	3,165,382	2,975,127
<b>Total funds carried forward</b>		<b>3,235,079</b>	<b>-</b>	<b>-</b>	<b>3,235,079</b>	<b>3,165,382</b>

The notes on pages 19 to 35 form part of these financial statements.

**GADS HILL SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02427105**

**BALANCE SHEET**  
**AS AT 31 JULY 2020**

	Note	£	2020 £	£	2019 £
<b>Fixed assets</b>					
Tangible assets	11		6,365,177		6,444,608
Investments	12		1		1,254
			<u>6,365,178</u>		<u>6,445,862</u>
<b>Current assets</b>					
Debtors	13	165,847		159,533	
Cash at bank and in hand		415,429		591,139	
		<u>581,276</u>		<u>750,672</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(514,027)</u>		<u>(746,324)</u>	
<b>Net current assets</b>			<u>67,249</u>		<u>4,348</u>
<b>Total assets less current liabilities</b>			<u>6,432,427</u>		<u>6,450,210</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(3,117,833)</u>		<u>(3,200,619)</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>3,314,594</u>		<u>3,249,591</u>
Defined benefit pension scheme liability	20		<u>(79,515)</u>		<u>(84,209)</u>
<b>Net assets including pension scheme liabilities</b>			<u>3,235,079</u>		<u>3,165,382</u>
<b>Charity Funds</b>					
Endowment funds	16		-		1,253
Restricted funds	16		-		545
Unrestricted funds	16		<u>3,235,079</u>		<u>3,163,584</u>
<b>Total funds</b>			<u>3,235,079</u>		<u>3,165,382</u>

The financial statements were approved and authorised for issue by the Governors on 30 June 2021 and signed on their behalf, by:

  
 .....  
**Mrs K Hillocks**

The notes on pages 19 to 35 form part of these financial statements.

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<u>1,414</u>	<u>339,835</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(49,759)</u>	<u>(123,878)</u>
<b>Net cash used in investing activities</b>		<u>(49,759)</u>	<u>(123,878)</u>
<b>Cash flows from financing activities:</b>			
Financing		<u>(127,365)</u>	<u>(99,857)</u>
<b>Net cash used in financing activities</b>		<u>(127,365)</u>	<u>(99,857)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(175,710)</u>	<u>116,100</u>
Cash and cash equivalents brought forward		<u>591,139</u>	<u>475,039</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>415,429</u></u>	<u><u>591,139</u></u>

The notes on pages 19 to 35 form part of these financial statements.

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Gads Hill School 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.

**1.2 Company status**

The company is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

The company is registered in England and Wales, registered number 02427105 and its registered office is:

Gad's Hill Place,  
Gravesend Road,  
Higham,  
Kent, ME3 7PA.

The company is a registered charity number 803153, its principal activity is the provision of education service.

**1.3 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1. Accounting Policies (continued)**

**1.4 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Governors' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1. Accounting Policies (continued)**

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

**1.6 Reconciliation with previous Generally Accepted Accounting Practice**

In preparing these accounts, the Governors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

**1.7 Going concern**

Accounting standards require the Governors to consider the appropriateness of the going concern basis when preparing the financial statements. After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future. Whilst the school has a deficit on free reserves it has bank funding in place to cover this and future income streams to service that debt. The Governors therefore continue to adopt the going concern basis in preparing the financial statements.

**1.8 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1. Accounting Policies (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

Freehold property	-	2% on cost
Motor vehicles	-	25% on cost
Fixtures and fittings	-	20% to 25% on cost

Land of £140,000 is not depreciated.

The governors consider that the freehold property will have an estimated residual value of £1.9 million after 50 years, depreciation is charged at 2% per annum on the balance.

**1.9 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

**1.10 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**1.11 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.

**1.12 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.13 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities incorporating income and expenditure account over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities incorporating income and expenditure account as the related expenditure is incurred.

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**GADS HILL SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1. Accounting Policies (continued)**

**1.14 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. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.15 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.

**1.16 Pensions**

The school operates two pension schemes, contributions are charged to the statement of financial activities in the period which they become payable.

**1.17 Financial instruments**

Basic financial assets and liabilities including cash, loans, and trade and other receivables/payables are initially recognised at cost. Listed investments are valued at fair value each annum.

**1.18 Significant judgements and estimates**

In preparing these financial statements, the governors have made the following judgements:

Determine whether there are any indicators of impairment of the school's tangible fixed assets. Factors taken into consideration include the economic viability and expected future financial performance of the asset.

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. These are assessed annually and may vary each annum depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The school makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amount may not be recoverable. Management specifically analysed historical bad debts, customer credit-worthiness, current economic trends and changes in customer payment terms when making judgement to evaluate the adequacy of the allowance of doubtful debts.

**GADS HILL SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**2. Income from charitable activities**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	<i>Total Unrestricted funds 2019 £</i>
Fees receivable	3,189,411	-	-	3,189,411	3,308,424
Registration fees	4,380	-	-	4,380	5,520
Educational requisites income	115,032	-	-	115,032	163,009
Sundry income	40,995	-	-	40,995	70,320
	<u>3,349,818</u>	<u>-</u>	<u>-</u>	<u>3,349,818</u>	<u>3,547,273</u>
<i>Total 2019</i>	<u>3,547,273</u>	<u>-</u>	<u>-</u>	<u>3,547,273</u>	

**3. Income from donations and legacies**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	<i>Total Unrestricted funds 2019 £</i>
Donations	-	-	-	-	30,680
Government grants	196,784	-	-	196,784	-
	<u>196,784</u>	<u>-</u>	<u>-</u>	<u>196,784</u>	<u>30,680</u>
<i>Total 2019</i>	<u>30,680</u>	<u>-</u>	<u>-</u>	<u>30,680</u>	

**GADS HILL SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**4. Investment income**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Endowment funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total Unrestricted funds 2019 £</i>
Interest received	1,566	-	-	1,566	138
Subtotal	<u>1,566</u>	<u>-</u>	<u>-</u>	<u>1,566</u>	<u>138</u>
Other investment income	1	-	-	1	-
	<u>1,567</u>	<u>-</u>	<u>-</u>	<u>1,567</u>	<u>138</u>
<i>Total 2019</i>	<u>138</u>	<u>-</u>	<u>-</u>	<u>138</u>	

**5. Governance costs**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Endowment funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total Unrestricted funds 2019 £</i>
Auditors' remuneration	10,049	-	-	10,049	7,500
Auditors' non audit costs	7,300	-	-	7,300	7,200
Governor's insurance	1,463	-	-	1,463	1,753
Governance expense 10	1,554	-	-	1,554	-
	<u>20,366</u>	<u>-</u>	<u>-</u>	<u>20,366</u>	<u>16,453</u>

**GADS HILL SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

**6. Analysis of Expenditure by expenditure type**

	Staff costs 2020 £	Depreciation 2020 £	Other costs 2020 £	Total 2020 £	Total 2019 £
Education	1,983,107	37,190	159,400	2,179,697	2,074,975
Welfare	130,218	-	59,020	189,238	144,645
Premises	159,859	92,000	226,623	478,482	497,677
Administration	325,311	-	158,013	483,324	492,210
Interest payable	-	-	127,365	127,365	161,959
<b>Charitable activities</b>	<b>2,598,495</b>	<b>129,190</b>	<b>730,421</b>	<b>3,458,106</b>	<b>3,371,466</b>
<b>Governance costs</b>	<b>-</b>	<b>-</b>	<b>20,366</b>	<b>20,366</b>	<b>16,453</b>
	<b>2,598,495</b>	<b>129,190</b>	<b>750,787</b>	<b>3,478,472</b>	<b>3,387,919</b>
<i>Total 2019</i>	<i>2,513,503</i>	<i>112,607</i>	<i>761,809</i>	<i>3,387,919</i>	

**7. Net income/(expenditure)**

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets: - owned by the charity	<b>129,190</b>	<b>112,607</b>

**8. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	<b>7,500</b>	<b>7,500</b>
Auditor's remuneration for non audit work	<b>6,500</b>	<b>6,500</b>
Teacher's pension audit	<b>700</b>	<b>700</b>

**GADS HILL SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**9. Staff costs**

Staff costs were as follows:

	<b>2020</b>	2019
	£	£
Wages and salaries	<b>2,078,643</b>	2,125,790
Social security costs	<b>193,061</b>	174,665
Other pension costs (Note 20)	<b>326,791</b>	213,048
	<u><b>2,598,495</b></u>	<u>2,513,503</u>

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

	<b>2020</b>	<i>As restated</i>
	No.	2019 No.
Headmaster	<b>1</b>	1
Teaching - full time	<b>36</b>	32
Teaching - part time	<b>16</b>	19
Domestic - full time	<b>5</b>	6
Domestic - part time	<b>15</b>	13
Administration - full time	<b>6</b>	6
Administration - part time	<b>6</b>	5
	<u><b>85</b></u>	<u>82</u>

The number of higher paid employees was:

	<b>2020</b>	2019
	No.	No.
In the band £70,001 - £80,000	<b>1</b>	1

Key management personnel consist of 6 individuals (2019 - 7). The total remuneration of key management personnel was £314,710 (2019- £399,329).

**GADS HILL SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2020**

**10. Governors' remuneration**

	<b>2020</b>	<i>2019</i>
	£	£
Remuneration	<b>79,560</b>	<i>78,000</i>
Company pension contributions to the Teachers' Pension Scheme	<b>18,340</b>	<i>14,297</i>

During the year retirement benefits were accruing to 1 Governor (*2019 - 1*) in respect of defined contribution pension schemes.

The governors did not receive any reimbursement of expenses during the period, except for the Headmaster who received reimbursed expenses of £Nil (*2019 - £1,753*).

**11. Tangible fixed assets**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 August 2019	<b>6,500,000</b>	<b>170,946</b>	<b>499,608</b>	<b>7,170,554</b>
Additions	-	<b>30,498</b>	<b>19,261</b>	<b>49,759</b>
At 31 July 2020	<b>6,500,000</b>	<b>201,444</b>	<b>518,869</b>	<b>7,220,313</b>
<b>Depreciation</b>				
At 1 August 2019	<b>175,927</b>	<b>126,810</b>	<b>423,209</b>	<b>725,946</b>
Charge for the year	<b>92,000</b>	<b>15,717</b>	<b>21,473</b>	<b>129,190</b>
At 31 July 2020	<b>267,927</b>	<b>142,527</b>	<b>444,682</b>	<b>855,136</b>
<b>Net book value</b>				
At 31 July 2020	<b>6,232,073</b>	<b>58,917</b>	<b>74,187</b>	<b>6,365,177</b>
<i>At 31 July 2019</i>	<i>6,324,073</i>	<i>44,136</i>	<i>76,399</i>	<i>6,444,608</i>

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**12. Fixed asset investments**

	Listed securities £	Unlisted securities £	Total £
<b>Market value</b>			
At 1 August 2019	1,253	1	1,254
Disposals	(1,253)	-	(1,253)
	<u>-</u>	<u>1</u>	<u>1</u>
At 31 July 2020	<u>-</u>	<u>1</u>	<u>1</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Holding
Gad's Hill Trading Limited	100%

The aggregate of the share capital and reserves as at 31 July 2020 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Gad's Hill Trading Limited	1	-
	<u>1</u>	<u>-</u>

**Investments at market value comprise:**

	2020 £	2019 £
Listed investments	-	1,253
Group	1	1
	<u>1</u>	<u>1</u>
Total market value	<u>1</u>	<u>1,254</u>

All the fixed asset investments are held in the UK

**13. Debtors**

	2020 £	2019 £
Trade debtors	52,220	116,466
Other debtors	84,596	4,985
Prepayments and accrued income	29,031	38,082
	<u>165,847</u>	<u>159,533</u>

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**14. Creditors: Amounts falling due within one year**

	2020	2019
	£	£
Bank loans and overdrafts	175,085	269,478
Trade creditors	21,303	84,615
Other taxation and social security	52,326	50,651
Other creditors	243,418	211,368
Accruals and deferred income	21,895	130,212
	514,027	746,324

Included within other creditors are pupil deposits £148,604 (2019 - £161,604). Whilst pupil deposits are strictly repayable after one term's notice it is highly unlikely that this will occur as the deposits are held for the duration of the pupils' school careers and therefore the majority will not be repaid within one year.

**15. Creditors: Amounts falling due after more than one year**

	2020	2019
	£	£
Bank loans	3,117,833	3,200,619
	3,117,833	3,200,619

Included within the above are amounts falling due as follows:

	2020	2019
	£	£
<b>Between one and two years</b>		
Bank loans	181,673	293,976
	181,673	293,976
<b>Between two and five years</b>		
Bank loans	587,082	881,926
	587,082	881,926
<b>Over five years</b>		
Bank loans	2,349,078	2,024,717
	2,349,078	2,024,717

Creditors include amounts not wholly repayable within 5 years as follows:

	2020	2019
	£	£
Repayable by instalments	2,349,078	2,024,717
	2,349,078	2,024,717

The bank loan is secured against the freehold property held by the school.

The loan incurs interest at a fixed interest rate at 3.7% for the first 10 years to 2029 then at a variable rate for a further 5 years of 2.44% over the Bank of England Base Rate

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**16. Statement of funds**

**Statement of funds - current year**

	Balance at 1 August 2019 £	Income £	Expenditure £	Balance at 31 July 2020 £
<b>Designated funds</b>				
Designated Funds - Charles Dickens Fund	50,000	-	-	50,000
Designated Funds - Phase 2 New School Fund	152,620	-	-	152,620
	<u>202,620</u>	<u>-</u>	<u>-</u>	<u>202,620</u>
<b>General funds</b>				
General Funds - all funds	2,960,964	3,548,169	(3,476,674)	3,032,459
Total Unrestricted funds	<u>3,163,584</u>	<u>3,548,169</u>	<u>(3,476,674)</u>	<u>3,235,079</u>
<b>Endowment funds</b>				
Penelope Bow Award for research and discovery	1,253	-	(1,253)	-
<b>Restricted funds</b>				
Penelope Bow Award endowment fund	545	-	(545)	-
Total of funds	<u><u>3,165,382</u></u>	<u><u>3,548,169</u></u>	<u><u>(3,478,472)</u></u>	<u><u>3,235,079</u></u>

**Statement of funds - prior year**

	Balance at 1 August 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2019 £
<b>Endowment funds</b>					
Penelope Bow Award for research and discovery	1,170	-	-	83	1,253
<b>Restricted funds</b>					
Penelope Bow Award endowment fund	545	-	-	-	545

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**Summary of funds - current year**

	Balance at 1 August 2019 £	Income £	Expenditure £	Balance at 31 July 2020 £
Designated funds	202,620	-	-	202,620
General funds	2,960,964	3,548,169	(3,476,674)	3,032,459
	<u>3,163,584</u>	<u>3,548,169</u>	<u>(3,476,674)</u>	<u>3,235,079</u>
Endowment funds	1,253	-	(1,253)	-
Restricted funds	545	-	(545)	-
	<u>3,165,382</u>	<u>3,548,169</u>	<u>(3,478,472)</u>	<u>3,235,079</u>

**Summary of funds - prior year**

	<i>Balance at 1 August 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 July 2019 £</i>
Endowment funds	1,170	-	-	83	1,253
Restricted funds	545	-	-	-	545
	<u>1,715</u>	<u>-</u>	<u>-</u>	<u>83</u>	<u>1,798</u>

**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	6,365,179	-	-	6,365,179
Fixed asset investments	1	-	-	1
Current assets	581,274	-	-	581,274
Creditors due within one year	(514,027)	-	-	(514,027)
Creditors due in more than one year	(3,117,833)	-	-	(3,117,833)
Provisions for liabilities and charges	(79,515)	-	-	(79,515)
	<u>3,235,079</u>	<u>-</u>	<u>-</u>	<u>3,235,079</u>

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**17. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Endowment funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	6,444,608	-	-	6,444,608
Fixed asset investments	1	-	1,253	1,254
Current assets	750,127	545	-	750,672
Creditors due within one year	(746,324)	-	-	(746,324)
Creditors due in more than one year	(3,200,619)	-	-	(3,200,619)
Provisions for liabilities and charges	(84,209)	-	-	(84,209)
	<u>3,163,584</u>	<u>545</u>	<u>1,253</u>	<u>3,165,382</u>

**18. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2020 £</b>	<b>2019 £</b>
Net income for the year (as per Statement of Financial Activities)	<b>69,697</b>	190,255
<b>Adjustment for:</b>		
Endowment investments net movements	<b>1,253</b>	(83)
Depreciation of tangible fixed assets	<b>129,190</b>	112,607
Interest paid	<b>127,365</b>	21,592
Decrease in stocks	-	3,386
Increase in debtors	<b>(6,314)</b>	(1,056)
(Decrease)/increase in creditors	<b>(315,083)</b>	20,315
Repayment of pension deficit	<b>(4,694)</b>	(7,181)
<b>Net cash provided by operating activities</b>	<b><u>1,414</u></b>	<b><u>339,835</u></b>

**19. Analysis of cash and cash equivalents**

	<b>2020 £</b>	<b>2019 £</b>
Cash in hand	<b>415,429</b>	591,139
Total	<b><u>415,429</u></b>	<b><u>591,139</u></b>

**20. Pension commitments**

The school operates two pension schemes, one of which provides benefits based on a final or career average pensionable salary, while the other operates on the basis of a defined contribution levels from the employer and the employee.

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**20. Pension commitments (continued)**

Teaching staff belong to the Teachers' Pension Scheme "TPS". This is an unfunded defined benefit scheme operated by the Government with contributions calculated on an actuarial basis, but set in relation to the current service period only. In accordance with paragraph 28.11 of FRS 102 the contributions have been accounted for as if this were a defined contribution scheme. The employers contributions for the period rose from 16.48% to 23.58% from September 2019.

Some members of the support and administrative staff belong to The Independent Schools' Pension Scheme "ISPS". This scheme is run by Verity's Governors Limited. Verity is the governor of the Pensions Trust for Charities and Voluntary Organisations. Contributions are calculated as a percentage of employee's earnings. The contributions made by the employees are matched by the employer to the maximum of 4%. Employees are able to contribute more than this if they wish.

The pension charge for the period was £324,970 (2019 - £203,281). Outstanding contributions on the balance sheet amount to £32,216 (2019 - £23,596).

The school also paid a pension of £250 per month to a former Headmistress. It is committed to pay this for the remainder of her life. A provision of £23,596 (2019 - £23,596) for the pension is within other creditors.

The school has entered into an arrangement to repay the deficit of the multi-employer ISPS. The amount is repayable over 13 years, with the first repayment being made in September 2016. In the prior year this has been discounted to its net present value of £79,515. The effective interest charge will be unwound to the Statement of Financial Activities over the repayment period.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	<b>7,447</b>	<b>7,243</b>
Amounts due between one and five years	<b>32,340</b>	<b>31,154</b>
Amounts due after 5 years	<b>39,728</b>	<b>45,812</b>
Total	<b>79,515</b>	<b>84,209</b>

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**21. Related party transactions**

During the year, the School was invoiced for insurance services by The Waterhouse Group, a business in which Mr P Waterhouse, the father of governor Mrs K Hillocks, is the sole proprietor. The commission earned by The Waterhouse Group was £4,916 (2019 - £4,588).

During the year, the school paid for various expenses on behalf of The Charles Dickens Centre (Gads Hill) Limited £1,276 (2019 - £957). No amount was outstanding at the year end (2019 - £nil). A company in which there are common governors.

During the year, the school received donations of £nil (2019 - £30,680) from The Friends of Gads Hill School. During the year, the school paid for various expenses on behalf of The Friends of Gads Hill School totalling £3,496 (2019 - £6,767). £485 was outstanding at the year end (2019 - £1,258). A charity in which there are common governors.

During the year, the school paid for various expenses on behalf of The Dickens Trust totalling £1,725 (2019 - £nil). No amount was outstanding at the year-end (2019 - £nil).

During the year, the school made purchases totalling £178.50 from Rochester and Chatham Dickens Fellowship (2019 - £nil). No amount was outstanding at the year-end (2019 - £nil).