

Downe House School

Annual report and financial statements

for the year ended 31 August 2021

Registered Number: 2645228

Registered Charity Number: 1015059

Downe House School

Annual report and financial statements for the year ended 31 August 2021

Contents	Page
Trustees, officers and advisors	1
Report of the Trustees and Strategic Report	2 - 15
Independent auditors' report	16 -18
Consolidated statement of financial activities	19
Consolidated summary income and expenditure account	20
Note of consolidated historical cost profits and losses for the year	20
Balance sheets	21
Consolidated cash flow statement	22
Notes to the financial statements	23 - 45

Trustees, Officers and Advisors

Trustees, Governors and Directors

	Committee Chaired	Committee Membership
Ms AF Hazlitt, BA	Chair of Governors	
Mr TM Boucher, BA FCA	Finance & General Purposes	ES, F, N, B
Ms EJ Clarke, MInstF(Cert)		ED, B
Ms VJ Exelby, MA		ED, B
Mrs FM Holmes, BComm		ES, F
Mr NM Hornby, BSc	Vice Chair	ES, F, N, B
Dr C O'Kane, MA MB BChir MSc DPhil		ED
Mrs CI Ratnage, MBChB, MRCGP		ED
Mr MK Ridley, BA MA, MRICS	Estates Sub-Committee	ES, F, B
Mr JJ Smith, BA MEd PGCE	Education	ED, N
Mr MA Wippell, MA LLM	Business Development	ES, F, B

NB: Key to membership of Committees above is as follows:

Education Committee	ED
Finance & General Purposes Committee	F
Estates Sub-Committee	ES
Nominations, Governance and Remuneration Committee	N
Business Development Committee	B

Headmistress

Mrs E McKendrick, BA

Secretary, Finance Bursar

Mr C Kauntze-Cockburn, FCA

Interim Director of Finance

Mr JA Bell, MEd BA(Hons) Delta FRSA (from 13th September 2021)

Principal and Registered office

The Bursary
Downe House School
Cold Ash
Thatcham
Berkshire
RG18 9JJ

Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Bankers

Lloyds Bank plc
5 Bridge Street
Newbury
Berkshire
RG14 5BQ

Investment advisors

Cazenove Capital Management Limited
12 Moorgate
London
EC2R 6DA

Report of the Trustees and Strategic Report

The Trustees present their annual report and the audited financial statements of the group for the year ended 31 August 2021.

The information with respect to Trustees, Officers and Advisors set out on page 1 forms part of this report. The financial statements comply with the Statement of Recommended Practice "Accounting and Reporting by Charities (FRS 102)" (revised 2015).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and Administration

Downe House School ("the School") is a charitable company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association – company registered number 2645228 and charity registration number 1015059.

The School is the sole corporate Trustee of the Downe House Trust, a registered charity, number 309091, established by trust deed on 1 January 1944, which owns the land and buildings from which the School operates.

The School owns Downe House School Services Limited, company registered number 2664010, the trading activities of which include lettings of the School facilities and the provision of goods and services to the parents and pupils of Downe House School and third parties, the taxable profits of which are donated to the School.

On 28 November 2006 the existing Trustees of the Olive Willis Trust resigned and Downe House School became the sole corporate Trustee of the Olive Willis Trust. From that date the Olive Willis Trust became a restricted fund within Downe House School with a long term intention to fund Bursaries and Scholarships. Under a Charities Commission Scheme dated 31 July 2011 the Olive Willis Trust Bursary and Scholarships fund became an Expendable Endowment Fund (Note 17).

Under the same scheme Downe House School became the sole Trustee of the Downe House Foundation, charity number 1044896. On 5 June 2014 the name of the Foundation was changed to 'Downe House Appeal Fund (2009)' which has no assets and is dormant. An application was made to establish a new Downe House Foundation in June 2014. The new Downe House Foundation, charity number 1159259, has a separate board of Trustees and is managed independently of the School.

The report and consolidated financial statements for the year ended 31 August 2021 relate to the total activities of the above legal entities.

Related parties

The School's relationship with Downe House School Services Limited, Downe House Trust and Downe House Foundation are disclosed above and that with related parties in note 27.

Connected organisation

There is one connected organisation:

The Downe House Seniors Association facilitates communication amongst former pupils of Downe House School who are members of the Downe House Seniors Association.

Induction and training of Trustees

All new Trustees undertake an induction and training day at the School the content of which depends on the individual's knowledge of the School and professional experience. Trustees are encouraged to attend seminars arranged by AGBIS (Association of Governing Bodies of Independent Schools) and other such bodies.

The Trustees, organisational structure and decision making

The Trustees ("the Governing Body") comprise all the directors of the company. Directors are elected at the Annual General Meeting and hold office until the third anniversary of the date of their election when they resign from office but are eligible for re-election up to a total of nine years. The Chair can be elected to serve up to an additional 5 years and the Vice-Chair can be elected to serve up to an additional 3 years.

The Trustees, all of whom served throughout the year to 31 August 2021, except where otherwise disclosed below, are as listed on page 1.

The following Directors were re-elected at the Annual General Meeting on 26 November 2020:

Mr JJ Smith
Ms VJ Exelby

The following Director resigned at the Board meeting held on 10 June 2021:

Lady Cunningham

It is proposed that the following Directors be re-elected at the Annual General Meeting on 25 November 2021:

Dr C O'Kane
Mrs FM Holmes
Mrs CI Ratnage
Ms EJ Clarke

The following director notified their intent to resign at the Annual General Meeting of 25th November 2021:

Mr M Wippell

The strategic direction of the School is set by the Trustees who approve the plans and budgets presented by the Headmistress and management team.

The School takes out trustees' liability insurance with a cover limit of £10m.

The day to day running of the School is delegated to the Headmistress, the Finance Bursar and the Director of Estates, Property and Services who attend meetings of the committees referred to below as appropriate.

To assist the Trustees in their duties the following committees are established:

Education Committee

The members of this Committee meet at least four times a year to submit reports and recommendations to the Board of Trustees on the following matters:

- i. To review and to make recommendations to the Governing Body on any aspect of educational policy, provision and practice delegated by the Board to support the work of the Headmistress and her staff.
- ii. To review any academic department suggested by the Governing Body and to make proposals concerning its curriculum development, staffing and resources.
- iii. To investigate any aspect of staffing policy or any particular staffing issue delegated by the Governing Body and make appropriate recommendations.
- iv. To review any aspect of pastoral care of students as delegated by the Governing Body and

make appropriate recommendations.

- v. To propose to the Governing Body the review of any aspect of the School's educational provision which may arise from the Committee's discussions.
- vi. To invite the attendance of Heads of Department, or any relevant member of staff, to an agenda item as advised by the Head and when appropriate.

Finance and General Purposes Committee

The members of this Committee meet at least four times a year to submit reports and recommendations to the Board of Trustees on the following matters:

- i. To formulate business plans and annual budgets, in accordance with the School's aims and objectives, for consideration by the Board of Trustees and to monitor their execution once approved.
- ii. To recommend an annual programme of capital expenditure to the Board of Trustees.
- iii. To recommend the level of fees for the forthcoming year to the Board of Trustees.
- iv. To determine appropriate financial controls and procedures.
- v. To propose policy objectives to the Board of Trustees on:
 - a. Charging and fee remissions
 - b. Salaries
 - c. Bursaries
 - d. Contracts
 - e. Investments

Estates Sub-Committee

The members of this Sub-Committee meet at least four times a year to submit reports and recommendations to the Board of Trustees and/or the Finance and General Purposes Committee on the following matters:

- i. The overall development of the School's buildings and properties.
- ii. The planning, design and management of current and future construction projects.
- iii. The annual maintenance and improvement programme for the School's buildings, including Health and Safety issues.
- iv. Any other buildings or property related matters referred to the Sub-Committee by the Board of Governors or the Finance and General Purposes Committee.

The Nominations, Governance and Remuneration Committee

The members of this Committee meet a minimum of once per year, or when convened by the Chair, to consider nominations to the Board and to have oversight of Governance. The Board of Trustees decides on the need for new appointments based on its succession planning and examination of its effectiveness. The Committee considers candidates for approval by the Board based on specifications such as eligibility, specialist skills, personal competence and availability. The Committee also considers remuneration for the Headmistress having due regard to the need to retain the best staff available and taking due consideration of competitor salary information available in the public domain. Remuneration for other key management personnel is discussed by the Headmistress, Chair and Chair of the Finance and General Purposes Committee.

Business Development Committee

The members of this Committee meet a minimum of three times per year, or when convened by the Chair, to consider the following matters:

- i. Take a lead, from a Governance perspective, on the assessment of material business development opportunities outside the core activity of providing education at Cold Ash.
- ii. Ensuring that the Board of Governors remains appropriately informed of potential projects under consideration and their progress. Decision making remains a matter for the Board of Governors, although it may choose to delegate responsibility for execution of a particular project to the Business Development Committee.

For details of the members of each of these committees see page 1.

Compliance Framework

The School is committed to ensuring that it complies with all relevant legislation. It is regularly inspected and Governors are updated by the Headmistress and the Senior management team on any changes required to meet statutory obligations throughout the School. These updates are provided termly at Board Meetings.

Safeguarding and Child Protection

The School is committed to Safeguarding and Protecting all the children in its care. The Designated Safeguarding Lead (DSL) is the Boarding Deputy who is supported by the Deputy Head as Deputy DSL. The Headmistress is also fully trained as a DSL. Staff are trained and updated regularly in Safeguarding and Child Protection matters, as are Governors and all those who would have unsupervised access to pupils. All policies are in place to meet regulatory requirements and give due consideration to West Berkshire Guidance. The appointment of staff, Governors and all other individuals for whom it is necessary, such as contractors and regular taxi drivers, are subject to the appropriate pre-employment checks, for example, Enhanced DBS checks and references.

LOCATION OF THE SCHOOL

Downe House School is situated on a site of 110 acres in the village of Cold Ash in Berkshire. Pupils from the ages of 11 to 18 are educated on the site.

A particular emphasis is placed on the development of the boarding facilities as nearly all pupils board at the School full-time. A limited amount of staff housing is also provided in order to support the strong boarding ethos that exists.

The School also owns Le Chateau de Sauveterre in France, whose principle purpose is the experience of a term abroad for the School's pupils. An additional small site in Veyrines de Domme in the Dordogne in France has been closed. The use of the French sites was limited by the Covid-19 pandemic, but the School is committed to developing the facility in Sauveterre as an integral part of the pupils' experience.

OBJECTIVES AND ACTIVITIES

Objects

The objects of Downe House School are:

- to promote and provide for the advancement of education and in connection therewith to conduct and acquire and carry on any boarding or day school for the education of children.

The objects of Downe House Trust are:

- the provision and conduct at or near Cold Ash, near Newbury, of a day or day and boarding school for girls.

The objects of Downe House Foundation are:

- to advance education by the provision of funding, assistance and support to Downe House School.

The objects of Downe House School Services Limited are:

- to carry on business as a general commercial company.

Aims and intended impact

The School exists to provide girls with, and promote, an excellent holistic education. The School is a boarding school for girls from ages 11 to 18. The School aims to promote the development of the individual by enabling girls to strive for the highest academic results of which they are capable. At the same time, they should be able to enjoy the opportunities and support which allow them to develop the personal, social, spiritual and emotional awareness that is the balance to academic excellence and thus prepares them for adult life and work. The financial results facilitate the educational, pastoral and charitable objectives of the School.

Policy and objectives for the year

The main policies and objectives for the year were to:

- Maintain excellent academic standards in the School, be at the forefront of best educational practice and development and prepare students for any appropriate national assessments and public examinations to enable each to succeed according to ability.
- Sustain the highest standards of pastoral care in the School.
- Allow pupils to develop wider interests such as music, sport and extra-curricular activities to ensure a holistic education.
- To demonstrate the full Public Benefit that the School provides.
- Maintain total pupil numbers between 550 and 590 with at least 90% of those being boarding pupils.
- Pursue a financial strategy which enables the aims of the School's Strategic Development Plan to be met.

Strategies for achievement of objectives

The School is committed to the recruitment of staff of the highest quality and to their continued training.

The School has appropriate policies in place to ensure that pastoral care is of the highest standard.

Pupils' development of wider interests and the provision of a holistic education is actively encouraged throughout the School.

The School fosters and develops good links with existing parents and feeder schools encouraging them to promote the School. The School is also promoted by actively seeking new areas of recruitment.

Financial objectives and strategy of the School are an integral part of the Strategic Development Plan and are regularly reviewed.

Estate Strategy

A regular review of facilities is undertaken to ensure that they are fit for purpose and will continue to meet the needs of a first-class girls' boarding education and Downe House School's agreed strategic objectives. All stakeholders including pupils, staff, parents, past parents and alumnae have been involved in the formulation of a capital works development programme within the Estate Strategy. This has proved to be very successful and a Ten Year Plan has been developed which will lead to improvements in the School's facilities that have been identified. The first project identified was the lower-school boarding houses which were completed in 2015. The second is the Murray Centre which was completed in 2018. Running alongside the development programme is a schedule of routine works and maintenance. As well as an emphasis on improving boarding accommodation, the School has also been focusing on developing a robust infrastructure of services to support and sustain current and future needs, for example, increasing the available provision of electricity to take account of increasing demands of technology and new buildings.

Grant Making Policy

Bursaries

The reduction in the monetary value of scholarships noted below means that it will be possible to make increasing provision for means-tested bursaries, in order to ensure broad access to the School. Additional future bursaries may be funded by the Olive Willis Trust. Applications for Bursaries are considered by the Headmistress and Finance Bursar who make recommendations to the Chair of Governors and the Chair of the Finance and General Purposes Committee. Awards are means-tested on the basis of financial information provided by the applicant. To ensure that no section of society is excluded from the School the maximum level of bursary awards is 100% plus extras. This Bursary policy is advertised in the appropriate media. The first 100% plus Bursaries were awarded for the academic year commencing September 2011.

Scholarships

Scholarships are awarded by the Headmistress as a result of academic achievement in the scholarship examinations set by the School. From 2018/2019 the upper limit for scholarships, except for music, was reduced to £Nil with an increasing focus on funding bursaries. From 2019/2020 the financial component of new scholarships was reduced to Nil although those granted before that date may continue.

Public Benefit

Having regard to the general guidance on Public Benefit from the Charity Commission, as set out in section 17 of the Charities Act 2011, the School continues to develop its overall contribution in addition to the plans for increasing the number of means-tested Bursaries.

Community Engagement

Downe House is committed to playing an active part in the local community. To that end, as well as supporting local businesses, the School supports a number of local charities through fundraising activities but also through the girls contributing to the work of local organisations/charities. This can take the form of visiting Care Homes, supporting children who ride at the Riding for the Disabled Charity, supporting children at the respite care Charity, Swings and Smiles, and reading in local primary schools. This will either be done through the Duke of Edinburgh Award scheme or through Downe House's own Community Service scheme. Our musicians play annually for the parishioners at St John's Church in Newbury to raise funds for Christian Aid and also House choirs will visit local residential homes to provide entertainment as requested. The Art Department is also active in providing work for the Royal British Legion each year for their displays in Newbury and at the parish church in Cold Ash, for example. Downe House is currently planning to expand this range of activities and our Head of Co-Curricular Activities is leading this initiative.

Collaboration with local schools takes place through our Oxbridge Interview evening or by opening up appropriate events and lectures, for example, our STEM Day, to students from other schools. Some of our staff also act as Governors at local schools and share their expertise.

Bursaries

A means tested bursary scheme is in operation potentially remitting up to 100% of fees plus extras from which 31 girls benefited at a cost of £857,000 (2020: 27 girls benefited at a cost of £759,000). The School had 18 pupils on high level bursaries between 75% and 100% plus extras for 2020/2021. For 2021/2022 16 high level bursaries between 75% and 100% of fees plus extras have been awarded.

The Olive Willis Trust Fund is intended to principally provide for the advancement of education in connection with the School for the public benefit, in particular, but not limited to, the provision of financial assistance to prospective, current and former pupils of Downe House School who are in need.

Fundraising

Girls are encouraged to raise money for charities as part of their general education. During the past three years over £83,000 has been raised the wide variety of charities supported includes:

Hope & Homes for Children
Teenage Cancer Trust
Hope Asia
Oscar Foundation
Swings and Smiles
Rainbow Trust

Young Minds Trust
Inspire Foundation
West Berkshire Foodbank
Macmillan Cancer Support
Charlie Waller Memorial Trust

Armed Forces Fund

In 2012 the School and Downe House Trust became involved in receiving cash raised from school parents, to be passed on to the Radley Foundation Armed Forces Fund as part of their fundraising for forces-related charitable activities. £120 (2020 £142) has been collected by the Downe House Trust 21st Century Appeal on behalf of the Radley Foundation Armed Forces Fund and has not been included in the Financial Statements of Downe House Trust or Downe House School.

21st Century Appeal and Downe House Foundation

The 21st Century Appeal was launched in April 2000. The aim of the Appeal was to raise money initially for a number of capital projects. Following completion of the Sports Hall in August 2001 and the Sports Pavilion in April 2003, construction of the Performing Arts Centre was completed in August 2004. Construction of an all-weather pitch was completed in November 2008. During the year the Appeal received donations of £Nil (2020: £ Nil), in line with expectations. Major fundraising is now undertaken by the Downe House Foundation.

Downe House School Services Limited

Downe House School Services Limited's trading activities include lettings of the School's facilities. Trading during the year was significantly reduced due to closure of the School site during the Summer 2021. The directors anticipate that trading will return to satisfactory levels once Covid-19 restrictions are no longer in place.

Downe House Trust

Downe House Trust provides the 110 acre site and properties used by Downe House School.

Downe House Foundation

Downe House Foundation, charity number 1159259, was established in June 2014. Downe House Foundation is managed independently of the School, has a separate board of Trustees and raises funds for educational building projects at Downe House School.

Investment Performance

Investment performance is reviewed regularly and investments have performed adequately in the year and in line with set performance.

Management team and staff

The Trustees would like to take this opportunity to recognise the hard work and dedication of the Headmistress, management team and the teaching, administrative and support staff of the School during the year.

Employment Policies

Downe House School is committed to recruiting and retaining the highest quality members of staff. To that end it ensures that staff are well rewarded through competitive salary packages and opportunities for career development. Our salary package and terms and conditions are kept under review by the Director of HR and the Finance Bursar. Opportunities for In-service training (Inset) are provided to all staff and applications for day courses and extended Inset can be made to improve their skills and qualifications. Such applications are reviewed by the Staff Development Officer and assessed against the School's Strategic Development Plan, the House or Departmental Development Plans and the individual's own performance review. In addition, regular whole-staff and departmental training is provided by the School at the start of each term and regularly throughout the term. The Performance Review System is comprehensive and applies to all staff. It has recently been streamlined and computerised so that it is more effective, efficient and ensures that staff are provided with feedback on all aspects of their role.

The School regularly provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the School is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the School plays a major role in maintaining the success of the School. The School encourages the involvement of employees by means of regular departmental meetings as well as whole staff meetings.

The School is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The School gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the School. If members of staff become disabled the School continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

STRATEGIC REPORT

Achievements and Performance

Review of 2020/2021

The academic results

GCSE passes at 4-9 grade (A* to C) or equivalent grades = 99.7% with 89.2% being at 7 – 9 grade and 71.1% at 8 – 9 grade. Pre U / A level passes A* to C or equivalent grades = 100.0%.

The range of universities at which pupils achieved places includes Oxford, Cambridge, Bristol, Durham, Edinburgh, Exeter, London, Leeds and Manchester, as well as leading universities across the globe including in the US, Canada and Europe.

The impact of the Covid-19 pandemic has continued to be felt throughout the year and, whilst the nation was in lockdown in January and February, the School taught online as before and continued its full programme of activities virtually. A number of overseas students spent longer periods online as a result of the difficulties with quarantine regulations and travel disruption. Hybrid teaching and pastoral care were therefore delivered throughout the rest of the academic year. Additional safeguarding measures were put in place throughout this period and dynamic risk assessments put in place.

All staff, teaching, operational and support were included in any relevant training and regular weekly updates continued to be provided to staff and parents and pupils were also updated either in person, in virtual assemblies or through targeted emails. Any changes to Government guidance are considered by the appropriate members of the Leadership Team and their impact reviewed. Advice was taken from our Health Centre as well as PHE (Public Health England), the BSA (Boarding Schools' Association), the HMC (Headmasters' and Headmistresses' Conference), MOSA (The Medical Officers for Schools Association) and West Berkshire Council. Regular testing of all members of the School community was started in March when the pupils returned to the School and maintained throughout the academic year. It was also required for all visitors who attended on site, including parents for events.

The School has continued its commitment to providing the highest quality of boarding education for girls. A new Pastoral Review Committee has been established which meets fortnightly to review any pastoral trends within the School and to assess any significant incidents/cases so that any lessons can be learnt from them. As a result of the discussions at the Pastoral Review Committee, we have launched a 'Parenting and Educating in Partnership Programme' which includes three strands that shape the way that the School and Parents can work together for the benefit of the students. One strand focuses on a programme of speakers on pastoral issues which will be open to parents, as well as form the basis of staff training and be included in the student programme too.

The provision of the highest quality of pastoral care has continued to be underpinned by the further roll out of the AS Tracking programme provided by the Steer Group. Boarding staff have participated in individual training days and training of Tutors is also taking place so that the programme becomes fully integrated into the pastoral support provided. Safeguarding the welfare of all our young people remains a key priority for all the adults connected with the School. Appropriate training and checks are in place and the School now has a team of Senior Staff trained to level 3 so that the Designated Safeguarding Lead has greater support. Two Directors of Boarding (new posts) will take up post in September 2021 and Safeguarding will be a particular emphasis of their role. The School has also appointed an external Safeguarding Adviser who will visit the School regularly (four times a year) and support and audit the work of the Safeguarding Team as well as provide advice for the newly constituted Governors' Safeguarding Committee too.

The academic life of the School has continued to flourish with the development of the use of technology in teaching continuing. There has been a great deal of training offered across departments and colleagues supporting one another through a channel in Microsoft Teams and we remain the School with the highest number of MIEE qualified staff in England. Our Oxbridge programme has been developed and restructured and the numbers of students participating has increased. This programme is seen, not just as focused on Oxbridge success but as a genuine

opportunity for all those interested in deepening their knowledge of their subject. Our programme for our Scholars has also been developed significantly with a larger number of events taking place and students producing magazines for the community where their knowledge, interest and expertise are shared. Participation in academic competitions, for example Olympiads, is high and success rates very pleasing.

This year has seen the formal launch of the World Ready Programme, a programme that draws together all the activities that are offered to the students at Downe House to ensure that they are ready to take their place in the world. It is a three-part programme with Years 7 and 8 being the World Aware section, Years 9 – 11 being the World Explore section and Years 12 and 13, the World Ready section. It includes at its heart a broad and rich academic curriculum, excellent pastoral support and a varied and challenging co-curricular programme complemented by a range of initiatives to help all students to develop the Downe House DNA (Compassion, Collaboration, Creativity, Resilience, Aspiration, Communication, Outward-looking). This includes, for example, all students having the option to develop leadership skills throughout their time at Downe, all students having the opportunity to do a Mini MBA, run by Hult Ashridge College, the Microsoft Office Specialist qualification and much more.

The review of our PSHE programme has continued to focus on EDI (Equality, Diversity and Inclusion) matters both inside the classroom and also through discussion groups outside the classroom too. Opportunities to discuss racial prejudice, sexual harassment and inclusion have also been addressed this year. A new initiative with a boys' school on how we work collaboratively on promoting healthy and respectful relationships with young people has begun. The School is an equal opportunities employer and values diversity in the school community and workplace. A range of world cultural events are celebrated throughout the year.

Developing the whole person is at the heart of a Downe House education. Drama and Music have continued to maintain a high profile throughout the year and the relevant departments have adapted to the demands of online and in-person teaching. Productions of 'Blue Stocking (drama)', 'Let's go to the Movies (musical theatre and film)' and 'Mulan (dance)' included girls from a variety of ages in leading roles and were both demanding and excellently performed. Our House Drama and Dance competitions had to be abandoned in their traditional form and were reorganised into a House Drama and Dance Virtual Competition. The results were inspirational and the girls really did respond magnificently. Founder's Weekend did take place with the productions mentioned above forming a key part of the programme. There were also wonderful displays of Art, Textiles, DT and Photography in the Murray Centre. The choirs and some of our instrumentalists and ensembles also performed outstanding concerts at Founder's Weekend and we enjoyed a super virtual Carol Service.

In Sport there was activity in every area in the Michaelmas, Lent and Summer terms including Lacrosse, Netball, Hockey, Swimming, Athletics, Skiing, Riding, Tennis, Badminton, Basketball, and Squash with various inter-school competitions and matches being won and many girls being chosen to represent their region or country in lacrosse in particular. During the period when matches between schools was not permitted, all the School played matches together on a Saturday afternoon. Pre-season training is now a strong feature of the preparation for each season and valued by the girls and the staff. A lacrosse training camp for prospective students and students new to the School has also been started.

The programme for our scholars in each of the other separate disciplines, outside the academic, – Art, Music, Drama and Sport – has continued to flourish and develop and the support which each receives is now well recognised and highly valued by the girls and the staff. We continue to invest in this programme with a selection of speakers, workshops and training/practice taking place each week.

The range of activities offered both at weekends and in the evenings remains a very important part of the life of the School as it enables girls to develop interests and skills and gain experience which will, we hope, help to build their confidence. Over recent weeks and months, it has been particularly important to develop activities that could take place on the site as Covid restrictions prevented off-site activities. The Co-curricular Department has been very innovative and outdoor movie nights, a fun-fair, inflatables on the field and much more have all been offered and proved to be very popular. Commitment to the Duke of Edinburgh remains strong at Bronze and Gold level as does the commitment to Peer Support Programme in the Sixth Form.

Developing a global awareness and understanding in our girls also remains a priority and our Global Schools' Exchange Programme, although largely on hold for the moment, continues to attract strong interest. Some virtual Exchanges were able to take place and, although not the same, it was wonderful for girls to gain some experience of our partner schools. It is envisaged that these programmes will be restarted when it is appropriate and safe so to do. In order to continue to build global awareness our Global Ambassador team has arranged a series of celebrations of international festivals which have been representative of the countries from which our girls come. There have also been some virtual Staff Exchanges too.

In addition to our education programme, the Group's subsidiary companies have collaborated with EduReach Education and the MODPF (Ministry of Defence Pension Fund) in Oman to support the opening of a girls' school in the capital of Muscat. This is scheduled to open in September 2022, delayed from 2021 as a result of the pandemic. The building is nearing completion and the next area of focus for the Michaelmas term will be the recruitment of the Senior Staff team. It will enable the Downe House education to be shared more broadly and offer opportunities for the pupils and staff to broaden their understanding of this wonderful country.

The School has purchased Chateau de Sauveterre, near Toulouse in France in order to be able to continue to offer our unique opportunity for the Year 8 girls to spend a term there. We are hopeful to be able to open this during the year 2021/22.

As well as supporting charities overseas, the School maintains strong links with a number of local charities which it supports and the Upper School Houses are each now supporting a local UK based charity as well as their link charity overseas. The range of charities includes, Swings and Smiles, Jo's Trust and Riding for the Disabled as examples. Supporting the local Food Bank at Harvest Festival time was also a priority. Individual girls continue to be able to present charities that are particularly meaningful to them or their families in order to raise money through a mufti day at the School. There are six days available each year and these are regularly taken well in advance.

None of this would be possible without a highly committed and professional staff body. We continue to be committed to investing in our staff and regular training opportunities are offered in different areas, from technology to EDI to classroom practice and well-being. A comprehensive induction programme is in place for all staff so that they are able to gain a good understanding of the School.

Although pupil numbers remain strong and there is reason to be optimistic about the future, it is important that we are never complacent. The pandemic has had a significant impact on the economy and we acknowledge the political and broad financial challenges that will face the education sector and always seek to address these. Of primary importance is that we maintain a high-quality provision of education which we share as widely as possible. We continue to seek ways of investing in our Bursary Fund to broaden access and to look after our past, current and future pupils.

The subsidiary organisations continue to facilitate achievement of the overall objectives of the Group as described in note 21.

As noted on page 13 the financial results were significantly impacted by Covid-19.

Financial Review

Investment Powers and Policy

The School has the powers to invest and to delegate these powers to professional investment managers. Those investments which represent the composition of fees fund are held in gilts to facilitate parents who wish to make advanced fee payments. Investments representing the Olive Willis Bursary and Scholarship fund are held primarily in equity-based managed funds to generate capital growth to expand the fund and finance future bursary provision. In order to safeguard assets arising from donations, the assets of the Foundation are held as cash balances. It is considered inappropriate to expose such assets to possible investment risks and losses.

Reserves Policy

The School's tangible assets are all held for use in the School. Note 16 to the financial statements sets out an analysis of the assets attributable to the various funds which constitute the group. These assets are sufficient to meet the group's obligations on a fund by fund basis.

As described in note 16, the School's reserves are fully represented by investments, tangible fixed assets and associated liabilities. There are no free funds beyond the extent of these assets and commitments. The Trustees consider that the existing level of reserves is appropriate for the needs of the School. This policy is reviewed at least annually.

Funds summary at 31 August (Note 17):

Total funds held £27.7m (2020 £27.2m)

Restricted funds £1.6m (2020 £1.6m)

Endowed funds £1.5m (2020 £1.3m)

Financial Results

The results are shown in the financial statements and notes thereto on pages 19 to 45. Fee income, net of bursaries and scholarships, exceeded £20.8m (2020: £19.3m). Total resources expended have increased from £20.3m to £20.7m. During the year a number of staff were furloughed (Note 4). The School also invested heavily in all appropriate protective equipment from screens in classrooms to PPE for all staff as well as all appropriate training.

Net incoming resources before gains and losses on investments amounted to £0.3m (2020: £0.7m net outgoing resources). There has been a corresponding improvement in the Schools positive cash position from £3.1m to £3.3m (note 24)

The activities of Downe House School Services Limited (Note 2), Downe House Trust (Note 21) and Downe House Foundation (Note 21) contributed significantly to the Consolidated Financial Results.

Principal Key Performance Indicators (KPIs)

The School regularly reviews its performance against an agreed set of KPIs. These include educational (academic and pastoral), financial, operational, marketing and admissions targets, recruitment and retention of staff, as well as targets related to the development and management of the estate and support functions. These targets are reviewed annually by the Board and more regularly by the School's Leadership Team.

Changes in Tangible Assets

The movements in tangible assets during the year are set out in note 9 to the financial statements.

Principal Risks and Uncertainties.

In the light of the Corporate Governance guidance contained within the Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005), the Trustees have examined the major risks faced by the School and the group. A system of controls has been put in place to monitor and mitigate, where possible, the major risks identified and their impact on the School. Risks are identified and assessed via a risk matrix, mitigation measures and controls. A formal review of the

School's risk management process is undertaken on a termly basis. The following key risk areas are considered:

Impact of Covid-19

A material reduction in pupil numbers.

Pastoral Care and Education of Pupils.

Governance & Management.

Material changes in the regulatory and tax environment

Health & Safety.

The operational gearing of the School, in particular the significant level of fixed costs.

Financial pressured from rising costs, including remuneration and pensions

Areas of High Risk

The Key Risks to the School are recorded in a Corporate Governance Risk Assessment Document that is reviewed by the Board of Governors and the Leadership Team termly. Areas of medium and high risk have been identified and strategies for mitigating these put in place. Areas of high risk relate to factors outside the School's immediate control such as an economic downturn or demographic changes and in each case mitigating actions are in place to reduce the potential impact of the risk.

Price and cost risk

The School reviews its fees charged to parents on an annual basis. The fees charged are based on the principles of full cost recovery. These fees are factored into the School's plans and income forecasts. Salary levels are set by reference to prevailing market rates in the Education sector and are communicated to staff each year during the annual salary review process. Other costs are controlled by contract negotiations and competitive tendering with suppliers.

Credit risk

Risk on amounts owed to the School by parents is low, as the fees are due at the start of each term, non-payment is followed up early in each term and some fees are paid in advance.

Liquidity risk

The School has no long term borrowings, and makes use of a short term overdraft facility when required (Note 13).

Interest rate cash flow risk

The School places surplus funds on short term deposit with its bankers. This is deemed to be low risk. The interest rate risk from the short term overdraft facility has been considered and is deemed to be low.

Plans for Future Periods

The School intends to:

- Maintain excellent academic standards in the School, be at the forefront of best educational practice and development and prepare students for any appropriate national assessments and public examinations to enable each to succeed according to ability.
- Sustain the highest standards of pastoral care in the School.
- Allow pupils to develop wider interests such as music, sport and Co-Curricular activities to ensure a holistic education.
- Actively demonstrate the full Public Benefit that the School provides, having regard to the general guidance on Public Benefit from the Charity Commission and where possible enhance that benefit.
- Maintain total pupil numbers between 550 and 590 with at least 90% of those being boarding pupils.

- Pursue a financial strategy which enables the aims of the School's Strategic Development Plan to be met.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Downe House School for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement on disclosure of information to the auditors

So far as the Trustees are aware:

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

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

Report of the Trustees including the Strategic Report signed on behalf of the Board of Trustees on 25 November 2021



A F Hazlitt
Chair of Governors

Independent auditors' report to the members of Downe House School

Report on the audit of the financial statements

Opinion

In our opinion, Downe House School's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2021 and of its the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and parent charitable company's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the consolidated and school balance sheets as at 31 August 2021; the consolidated statement of financial activities, the consolidated summary income and expenditure account, the note of consolidated historical cost profits and losses, and the consolidated cash flow statement for the year then ended and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report and financial statements other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report of the Trustees and Strategic Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees and Strategic Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and Report of the Trustees and Strategic Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Trustees and Strategic Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in Statement of Trustees' Responsibilities, 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 and parent charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and charitable company, we identified that the principal risks of non-compliance with laws and regulations related to the charities act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the charity. Audit procedures performed included:

- Reviewing Board minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk manual journals, in particular those having unusual account combinations;
- Challenging the assumptions used by the charity and group when considering its ability to continue as a going concern, with enhanced procedures considered for COVID-19; and
- Obtaining third party confirmations of all the group and parent charity's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

30 November 2021

Consolidated statement of financial activities for the year ended 31 August 2021

		Unrestricted funds		Restricted	Endowed	Total	Total
	Notes	School £'000	Others £'000	Funds £'000	Funds £'000	2021 £'000	2020 £'000
INCOMING RESOURCES							
Donations and legacies		-	-	82	28	110	134
Other trading activities:							
Trading income		-	40	-	-	40	37
Premises hire		-	-	-	-	-	-
Income from investments		-	-	-	14	14	37
Income from charitable activities:							
School activities		20,834	-	-	-	20,834	19,329
Other income:							
Gain on disposal of fixed assets		1	-	-	-	1	42
Total Income and Endowments		20,835	40	82	42	20,999	19,579
RESOURCES EXPENDED							
Expenditure on raising funds:							
Trading expenditure	5	-	14	-	-	14	23
Generating voluntary income	5	211	-	-	-	211	256
Expenditure on charitable activities							
School activities	5	19,455	879	52	12	20,398	19,982
Governance costs	5	44	6	-	-	50	46
Total expenditure		19,710	899	52	12	20,673	20,307
NET INCOME / (EXPENSES) BEFORE (LOSSES) / GAINS ON INVESTMENTS		1,125	(859)	30	30	326	(728)
Net (losses)/gains on investments		-	-	-	188	188	(21)
NET INCOME / (EXPENSES) BEFORE TRANSFERS	4	1,125	(859)	30	218	514	(749)
Transfers between funds	17	(227)	250	(23)	-	-	-
NET MOVEMENT IN FUNDS		898	(609)	7	218	514	(749)
Total funds brought forward	17	21,358	2,952	1,653	1,284	27,247	27,996
TOTAL FUNDS CARRIED FORWARD	17	22,256	2,343	1,660	1,502	27,761	27,247

All amounts derive from continuing activities. All gains and losses recognized in the year are included in the consolidated statement of financial activities. Included within total funds is an investment revaluation reserve of £349,000 (2020: £161,000) for the consolidated balance sheet.

Consolidated summary income and expenditure account for the year ended 31 August 2021

	Notes	2021 £'000	2020 £'000
Net charitable income		20,958	19,482
Less Endowed fund income		(42)	(19)
Gain on disposal		1	42
Non-charitable trading income	2	40	37
Total income		20,957	19,542
Charitable expenditure		(20,659)	(20,284)
Add back Endowed fund expenditure		12	11
Non-charitable trading expenditure	2	(14)	(23)
Net income / (expenses) before investment asset disposals		296	(754)
Gain/(Loss) on disposal of fixed asset investments		(2)	(29)
Interest payable and similar charges	7	-	-
Interest receivable		-	18
Surplus / (Deficit) of income over expenditure		294	(765)

Reconciliation to Consolidated statement of financial activities

	2021 £'000	2020 £'000
Net incoming / (outgoing) resources before recognised gains & losses	326	(728)
Gain/(Loss) on disposal of fixed asset investments	(2)	(29)
Less net income and expenditure on endowed funds	(30)	(8)
Surplus / (Deficit) of income over expenditure	294	(765)

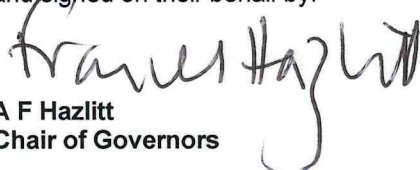
Note of consolidated historical cost profits and losses for the year ended 31 August 2021

	2021 £'000	2020 £'000
Reported surplus / (deficit) of income over expenditure	294	(765)
Realisation of investment gains of previous years	(2)	(29)
Historical surplus / (deficit) on ordinary activities	292	(794)

Balance Sheets as at 31 August 2021

		Consolidated		School	
	Notes	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Tangible assets	9	29,632	29,361	2,490	2,116
Investments	10	2,207	1,085	2,207	1,085
		31,839	30,446	4,697	3,201
Current assets					
Stocks	11	19	20	19	20
Debtors	12	3,678	3,294	39,159	37,566
Investments	10	329	1,204	319	1,195
Cash at bank and in hand		3,793	3,096	3,333	2,731
		7,819	7,614	42,830	41,512
Creditors: amounts falling due within one year	13	(9,018)	(8,554)	(20,079)	(18,977)
Net current (liabilities)/assets		(1,199)	(940)	22,751	22,535
Total assets less current liabilities		30,640	29,506	27,448	25,736
Creditors: amounts falling due after more than one year					
Advance fees	15	(728)	(665)	(728)	(665)
Bank Loans		(500)	-	(500)	-
Final term deposits	14	(1,102)	(1,045)	(1,102)	(1,045)
		(2,330)	(1,710)	(2,330)	(1,710)
Pension deficit	20	(549)	(549)	(549)	(549)
Net assets		27,761	27,247	24,569	23,477
Represented by:					
Endowed funds	17	1,502	1,284	1,502	1,284
Restricted funds	17	1,660	1,653	811	835
Unrestricted funds					
Designated	17	125	132	125	132
Retained income	17	24,474	24,178	22,131	21,226
Total Unrestricted funds		24,599	24,310	22,256	21,358
Total funds		27,761	27,247	24,569	23,477

The financial statements on pages 19 to 45 were approved by the Trustees on 25 November 2021 and signed on their behalf by:


A F Hazlitt
 Chair of Governors

Consolidated cash flow statement for the year ended 31 August 2021

	Notes	2021 £'000	2020 £'000
Net cash inflow / (outflow) from operating activities	22	1,895	(630)
Net cash outflow from investing activities	23	(1,698)	(1,289)
Net cash (outflow) before financing		197	(1,919)
Net cash inflow from financing activities		500	-
Increase/(Decrease) in cash in the year	24,25	697	(1,919)

Notes to the financial statements for the year ended 31 August 2021

1 Principal accounting policies

Downe House School ("the School") is a charitable company limited by guarantee and a UK registered charity governed by its Memorandum and Articles of Association – company registered number 2645228 and charity registration number 1015059. The School is a public benefit entity. The address of its registered office is The Bursary, Downe House School, Cold Ash, Thatcham, Berkshire, RG18 9JJ.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom including Financial Reporting Standard 102 (FRS 102), Companies Act 2006 and the Charities Act 2011. In preparing the financial statements the School has followed best practice as set out in the Statement of Recommended Practice "Accounting and Reporting by Charities (FRS 102)" (revised 2015). A summary of the more important accounting policies of the School, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared on a going concern and accruals basis under the historical cost convention modified by the revaluation of fixed and current asset investments. The groups functional and presentational currency is £ sterling. The Directors consider it appropriate to adopt the going concern basis and have not identified any material uncertainties in the period of at least 12 months from the date of approval of the financial statements. After making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future.

Basis of consolidation

The financial statements of the group include the financial statements of the School and its subsidiary undertakings to 31 August each year.

The School has taken advantage of the exemption from publishing its own Income and Expenditure account conferred by s408 of the Companies Act 2006. The amount of the surplus or deficit for the year dealt with in the School's financial statements is disclosed in note 17.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided.

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School.

Fees received in advance of education to be provided in future years under the Advance Fees scheme are held as liabilities until they are either taken to income in the term when utilised or refunded. Any residual balance is transferred to a designated Advance Fees fund once all future fee liabilities have been met.

Donations

All donations are shown in the consolidated statement of financial activities under incoming resources and are accounted for on a receivable basis.

Gains on disposal of fixed assets

On disposal of tangible fixed assets, the profit or loss on disposal is accounted for as the difference between the net sale proceeds and the net carrying amount of the tangible fixed asset. The profit or loss on disposal of tangible fixed assets is recognised in the Statement of Financial Activities for the

year in which the disposal occurs.

Trading Income

Turnover represents amounts receivable for goods and services provided, net of VAT and trade discounts. Lettings income and other sundry income is recognised at the time the activity takes place.

Irrecoverable VAT

Any irrecoverable VAT is charged to the consolidated statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure.

Overhead and other costs not directly attributable to particular functional categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, by reference to the level of costs in the functional categories.

Expenditure on raising funds includes the total costs attributable to each category from the subsidiary's trading activities and the fundraising costs which are incurred in securing income for the appeal fund.

Governance costs comprise the costs of running the School, including external audit, any legal advice for the Trustees and all the costs of complying with constitutional and statutory requirements such as the costs of Board and Committee meetings.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Designated funds are unrestricted funds earmarked by the Trustees for specific projects.

Restricted funds are subject to specific conditions imposed by the donors.

Endowed funds are expendable capital funds where there is power to convert capital into income. Income from endowed funds is added to the relevant endowed fund.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation, at rates calculated to write off the cost, less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose are:

Equipment and furnishings	12.5%	- straight line
Computer equipment	20 %	- straight line
Motor vehicles	25%	- straight line

Land and buildings held on trust are included at cost incurred prior to completion. Land is not depreciated. Buildings are depreciated at rates calculated to write off the cost less their estimated residual values on a straight-line basis over the expected useful economic life of each building. The range of annual rates used for this purpose is between 10 and 50 years. Assets with a cost below £1,000 are not capitalised.

Fixed and current asset investments and investment income

Investments, representing quoted securities, are stated in the balance sheet at market value. Any gain or loss on the revaluation of investments is shown on the consolidated statement of financial activities. Investment income is accounted for in the period in which the School and the group is entitled to the income.

Stocks

Stocks of clothing, stationery and consumables are stated at the lower of cost, on a first-in, first-out basis, and net realisable value.

Registration fees

Registration fees placed for prospective pupils are non-refundable and are credited to fees income when received.

Final term deposits

Final term deposits are deposits placed when pupils join the School which are offset against fees and disbursements due for the last term each pupil attends. All deposits are classified as creditors.

Pension costs

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme (TPS) and the Independent Schools' Pension Scheme (ISPS). These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension. Contributions to the TPS and ISPS are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations not less than every four years using a prospective benefit method for the TPS and three yearly valuations using the projected unit method for the ISPS. As stated in Note 20, the TPS and ISPS schemes are both multi-employer schemes and the School is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. The TPS and ISPS schemes are therefore treated as defined contribution schemes and the contributions are recognised as they are paid each year.

In addition, the School pays contributions to the Downe House Staff Pension Schemes, which are defined contribution pension schemes arranged on behalf of individual employees at an agreed percentage of gross salary. The assets of the pension schemes are held separately to those of the School. Contributions payable to the schemes are charged in the statement of financial activities as they fall due as part of the employment costs.

Grants and allowances

Grants and allowances from restricted and unrestricted funds are included as expenditure in the period for which the award is given.

Government grants, including those received under the Coronavirus Job Retention Scheme (JRS), are recognized when there is reasonable assurance that they will be received. In preparing end of year accounts, the grants were evidenced as received at the reporting date. For the monthly JRS grant income, the income will be recognized in the period to which the underlying furloughed staff costs relate to. The School had incurred the payroll liability and therefore met the conditions to claim for that payroll accounting period. Where furlough of an employee crosses financial reporting periods, this is allocated accordingly.

Concessionary Loans

Loans due from the subsidiary, Downe House Trust (note 12) are made to further the charitable purposes of the Group, are repayable on demand and treated as concessionary loans.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors including expectations of future events that are believed to be reasonable in the circumstances. The Directors believe that no critical judgements have been made that affect the financial statements, but the following significant estimates have been made.

Depreciation rates have been set following consideration of the expected useful lives of each asset classification and annual review.

Accruals and Prepayments are primarily a reflection of timing differences. Where estimates are required these are based on historic evidence.

2 Trading income

The School owns Downe House School Services Limited, whose trading activities include lettings of the School facilities and the provision of goods and services to the parents and pupils of Downe House School and third parties. It donates its taxable profits to the School. Its results for the year to 31 August were:

	2021 £'000	2020 £'000
Turnover	40	37
Cost of sales	(9)	(15)
Gross profit	31	22
Administration expenses	(5)	(4)
Donation to other registered charities	-	(4)
Profit on ordinary activities before taxation	26	14
Tax on profit on ordinary activities	-	-
Profit for the financial year	26	14
Donation to Downe House School	26	14

Cost of sales include £Nil (2020: £Nil) for accommodation services provided by the School.

	2021 £'000	2020 £'000
Total assets	45	26
Total liabilities	(45)	(26)
Net assets	-	-

3 Incoming resources from school activities

	2021 £'000	2020 £'000
Gross fees receivable	21,664	20,074
Bursaries, grants and scholarships	(915)	(828)
Net fee income	20,749	19,246
Registration fees	85	83
	20,834	19,329

4 Net (expense)/income before transfers

	2021 £'000	2020 £'000
Net income/(expense) before transfers is stated after charging:		
Dépreciation on owned assets	1,384	1,413
Operating lease rentals – equipment	27	25
Auditors' remuneration		
- for audit services, net of vat (School: £28,000 (2020: £25,000))	35	31
- vat on audit services	7	6
- Other assurance services	9	15
- Tax compliance services	8	3
Staff costs		
Wages and salaries	10,879	10,829
Social security costs	1,221	1,379
Pension contributions	1,715	1,728
	13,815	13,936

The average number of employees in the year, calculated on a full time equivalent basis, was 285 (2020: 290) of which 126 (2020: 127) were teaching staff.

During the year a number of staff were furloughed under the Government's Coronavirus Job Retention Scheme, for which funding was received, reducing staff costs by a total of £314,000. (2020 £756,000)

The number of employees whose emoluments exceeded £60,000 were:

	2021 Number	2020 Number
£60,001 - £70,000	8	6
£70,001 - £80,000	6	6
£80,001 - £90,000	3	2
£90,001 - £100,000	1	2
£100,001 - £110,000	2	3
£250,001 - £260,000		1
£260,001 - £270,000	1	

13 of the employees above (2020: 14) have pension benefits accruing under defined benefit schemes and 7 (2020: 6) have pension benefits accruing under a defined contribution scheme.

The emoluments of the highest paid employee above reflects net employer contributions of 16.48% of salary to the Teachers' Pension scheme which ceased with effect from 1 September 2019 when the salary was increased by an amount equivalent to the contributions foregone.

Total emoluments for key management personnel during the year were £537,000 (2020 £559,000). With the exception of reimbursed expenses shown in note 19 and related party transactions in note 27, neither the Trustees nor persons connected with them received any remuneration or other benefits from the School or any connected organisation.

5 Analysis of total resources expended

	Staff costs £'000	Depreciation £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Expenditure on raising funds:					
Trading expenditure	-	-	14	14	23
Generating voluntary income	174	-	37	211	256
	174	-	51	225	279
Expenditure on school activities					
Teaching	7,667	234	1,190	9,091	9,392
Welfare	3,662	115	1,340	5,117	4,184
Premises	726	976	1,834	3,536	3,281
Support costs for schooling	1,586	59	1,009	2,654	3,125
	13,641	1,384	5,373	20,398	19,982
Governance Costs	-	-	50	50	46
Total expenditure	13,815	1,384	5,474	20,673	20,307

6 Governance costs

	2021 £'000	2020 £'000
Audit	42	37
Other	8	9
	50	46

7 Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable and similar charges		
On bank overdraft and other borrowings	-	-

8 Taxation

The School and its subsidiary undertakings, Downe House Trust and Downe House Foundation were registered charities throughout the year and, as such, were not liable to corporation tax on the surplus of income over expenditure for the year, nor to capital taxes on gains arising from the disposal of assets.

The School is not registered for VAT and accordingly, all its expenditure is recorded inclusive of any VAT incurred.

Downe House Foundation is not registered for VAT and accordingly, all its expenditure is recorded inclusive of any VAT incurred.

Downe House Trust is registered for VAT and, where applicable, expenditure is recorded net of recoverable VAT.

Downe House School Services Limited is registered for VAT, and consequently all income and expenditure is recorded net of VAT. Downe House School Services Limited gifts all its profits to the School.

9 Tangible assets

	Freehold land & buildings £'000	Equipment & furnishings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
(a) Consolidated					
Cost					
As at 1 September 2020	37,616	9,150	2,341	198	49,305
Additions	1,299	127	188	47	1,661
Disposals	-	-	-	(12)	(12)
As at 31 August 2021	38,915	9,277	2,529	233	50,954
Accumulated depreciation					
As at 1 September 2020	9,701	8,264	1,820	159	19,944
Charge for year	947	211	202	24	1,384
Disposals	-	-	-	(6)	(6)
As at 31 August 2021	10,648	8,475	2,022	177	21,322
Net book value					
As at 31 August 2021	28,267	802	507	56	29,632
As at 31 August 2020	27,915	886	521	39	29,361

Included within freehold land and buildings is land at a cost of £92,473 (2020: £92,473) which is not depreciated. The Trustees' assessment is that Freehold land & buildings rented by Downe House Trust to Downe House School are being held for the provision of social benefit within the public benefit group and as such have been treated as fixed assets.

At 31st August 2021 the group had committed to spend £Nil on its capital projects in the coming year. (2020: £Nil).

9 Tangible assets (continued)

	Freehold land & buildings £'000	Equipment & furnishings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
(b) School					
Cost					
As at 1 September 2020	779	9,016	2,341	198	12,334
Additions	476	127	188	47	838
Disposals	-	-	-	(12)	(12)
As at 31 August 2021	1,255	9,143	2,529	233	13,160
Accumulated depreciation					
As at 1 September 2020	109	8,130	1,820	159	10,218
Charge for year	21	211	202	24	458
Disposals	-	-	-	(6)	(6)
As at 31 August 2021	130	8,341	2,022	177	10,670
Net book value					
As at 31 August 2021	1,125	802	507	56	2,490
As at 31 August 2020	670	886	521	39	2,116

10 Investments

(a) Consolidated

	Restricted: Appeal Fund Building projects £'000	Expendable Endowment: Bursary and scholarships Fund £'000	Designated: Advance fees £'000	Total £'000
As at 1 September 2020	9	1,284	996	2,289
Additions	1	342	748	1,091
Disposals at opening market value/cost	-	(314)	(720)	(1,034)
Revaluations	-	190	-	190
As at 31 August 2021	10	1,502	1,024	2,536
UK Listed securities	-	1,459	748	2,207
Cash and short term deposits	10	43	276	329
	10	1,502	1,024	2,536
Historical cost				
As at 31 August 2021	10	1,153	1,024	2,187
As at 31 August 2020	9	1,123	996	2,128
Movement on gains				
Unrealised gains at				
1 September 2020	-	161	-	161
Less: Disposals in year	-	(2)	-	(2)
	-	159	-	159
Revaluations in year	-	190	-	190
As at 31 August 2021	-	349	-	349

All investments are considered to be programme related investments.
The investments are included in the consolidated balance sheet as follows:

	2021 £'000	2020 £'000
Fixed asset investments	2,207	1,085
Current asset investments	329	1,204
	2,536	2,289

There are no individually material investment holdings.

10 Investments (continued)

(b) School

	Expendable Endowment: Bursary and scholarships Fund £'000	Designated: Advance fees £'000	Total £'000
As at 1 September 2020	1,284	996	2,280
Additions	342	748	1,090
Disposals at opening market value/cost	(314)	(720)	(1,034)
Revaluations	190	-	190
As at 31 August 2021	1,502	1,024	2,526
UK Listed securities	1,459	748	2,207
Cash and short term deposits	43	276	319
	1,502	1,024	2,526
Historical cost			
As at 31 August 2021	1,153	1,024	2,177
As at 31 August 2020	1,123	996	2,119
Movement on gains			
Unrealised gains at			
1 September 2020	161	-	161
Less: Disposals in year	(2)	-	(2)
	159	-	159
Revaluations in year	190	-	190
As at 31 August 2021	349	-	349

All investments are considered to be programme related investments.
The investments are included in the School balance sheet as follows:

	2021 £'000	2020 £'000
Fixed asset investments	2,207	1,085
Current asset investments	319	1,195
	2,526	2,280

There are no individually material investment holdings.

11 Stocks

	Consolidated		School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Stationery and consumables	19	20	19	20

There is no significant difference between the replacement cost of stocks and the value stated.

12 Debtors

	Consolidated		School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fees	3,553	3,090	3,553	3,090
Sundry debtors and prepayments	125	204	112	190
Amounts due from subsidiary undertakings (see below)	-	-	35,494	34,286
	3,678	3,294	39,159	37,566

Fees invoiced in advance are shown within creditors (note 13) and amounts not received by the balance sheet date shown above as fee debtors.

	Consolidated		School	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts due from subsidiary undertakings: (see above)				
Due within one year	-	-	33,628	32,420
Loan due after more than one year	-	-	1,866	1,866
	-	-	35,494	34,286

Interest is payable from the subsidiary, Downe House Trust, on the amount due within one year at the rate of 1% over bank base rate.

Interest is payable from the subsidiary, Downe House Trust, on loan advances due after more than one year in excess of £866,000 at the rate of 1% over bank base rate. No interest is paid on the remaining loan advances due after more than one year of £866,000.

Amounts due from subsidiary undertakings are unsecured, payable on demand and have been treated as a concessionary Loan.

13 Creditors: amounts falling due within one year

	Consolidated		School	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans and overdrafts	-	-	-	-
Trade creditors	401	234	401	234
Concessionary loans due to subsidiary undertakings	-	-	11,087	10,441
Taxation and social security	289	305	288	303
Other creditors and accruals	479	595	454	579
Refundable deposits	173	173	173	173
Fees invoiced in advance	7,501	7,044	7,501	7,044
	8,843	8,351	19,904	18,774
Advance fees (note 15)	175	203	175	203
	9,018	8,554	20,079	18,977

The School has a bank facility of £3.5m which was renewed on 29 November 2018 with interest payable at 2.0% over base rate per annum expiring on 31 August 2022. The School also has a bank facility of £2.5m which commenced in July 2021 with interest payable at 1.45% over base rate per annum expiring on 31 July 2024. Both facilities are secured by a guarantee of £6.0m given by Downe House Trust. Downe House Trust has given a legal charge over each of the freehold properties of the Trust.

No interest is payable to the subsidiary, Downe House Trust, on the amount due within one year. This amount is treated as a concessionary loan and is unsecured, interest free and repayable on demand.

14 Final term deposits more than one year

	Consolidated		School	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due between 1 and 2 years	181	178	181	178
Due in greater than 2 years	921	867	921	867
	1,102	1,045	1,102	1,045

The creditor arises from the composition of fees fund and retained deposits. Funds are drawn down as they become due. No interest is charged.

15 Advance fees

Parents may pay to the School up to the equivalent of seven years' tuition fees in advance which is held in a balance of Treasury Stocks and cash deposits as appropriate. Such payments may be returned, subject to specific conditions, on the receipt of one term's notice. Assuming pupils remain in the advance fees payment scheme, payments will be applied to offset fees as follows:

	2021 £'000	2020 £'000
Consolidated and School		
After 5 years	48	136
Within 2 to 5 years	499	402
Within 1 to 2 years	181	127
	728	665
Within 1 year (note 13)	175	203
	903	868

The balance represents the accrued liability under the contracts. The movements during the year were:

	£'000
As at 1 September 2020	868
New contracts	233
Amounts accrued to contracts	5
Withdrawal from fund	-
	1,106
Amounts utilised in payment of fees:	
To the School	(203)
As at 31 August 2021	903

Any residual balance is transferred to a designated Advance fees fund once all future fee liabilities have been met.

16 Analysis of net assets between funds

(a) Consolidated

The net assets are held for the various funds as follows:

	Tangible fixed assets £'000	Investments £'000	Net current liabilities £'000	Long term liabilities £'000	Total £'000
Endowed funds	-	1,502	-	-	1,502
Restricted funds	1,650	10	-	-	1,660
Unrestricted funds	27,982	1,024	(1,528)	(2,879)	24,599
	29,632	2,536	(1,528)	(2,879)	27,761

(b) School

The net assets are held for the various funds as follows:

	Tangible fixed assets £'000	Investments £'000	Net current assets £'000	Long term liabilities £'000	Total £'000
Endowed funds	-	1,502	-	-	1,502
Restricted funds	811	-	-	-	811
Unrestricted funds	1,679	1,024	22,432	(2,879)	22,256
	2,490	2,526	22,432	(2,879)	24,569

17 Funds

(a) Consolidated

	Total 1 September 2020 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Investment gains £'000	Total 31 August 2021 £'000
Endowed funds (expendable)						
Olive Willis Bursary and Scholarships fund	1,284	42	(12)	-	188	1,502
	1,284	42	(12)	-	188	1,502
Restricted funds						
Appeal funds (building projects)	1,519	-	(52)	(23)	-	1,444
Foundation	134	82	-	-	-	216
	1,653	82	(52)	(23)	-	1,660
Unrestricted funds						
Designated funds						
Advance fees	132	-	(7)	-	-	125
Non-charitable trading						
Funds	-	40	(14)	(26)	-	-
Other unrestricted funds						
Retained income	24,178	20,835	(20,588)	49	-	24,474
Total unrestricted funds	24,310	20,875	(20,609)	23	-	24,599
Total funds	27,247	20,999	(20,673)	-	188	27,761

The Olive Willis Bursary and Scholarships expendable Endowed fund provides financial assistance by way of bursaries and scholarships to enable daughters of former pupils of Downe House School and others who, in the opinion of the Trustees, are in need of such financial assistance to be educated at the School. Expenditure in the year related to investment management costs only.

The Appeal funds (building projects) represents cumulative donations made to fund the construction of new facilities and the net book value of those facilities.

The Foundation fund represents funds raised by the Downe House Foundation for educational building projects at Downe House School.

The designated Advance fees fund represents amounts set aside to cover any shortfall in the advance fees account (note 15).

Included within total funds is an investment revaluation reserve of £349,000 (2020: £159,000) for the consolidated balance sheet.

Transfers between funds arise on elimination of intra group transactions on consolidation.

17 Funds**(b) School**

	Total 1 September 2020 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Investment gains £'000	Total 31 August 2021 £'000
Endowed funds						
Olive Willis Bursary and Scholarships fund	1,284	42	(12)	-	188	1,502
	1,284	42	(12)	-	188	1,502
Restricted funds						
Appeal fund (building projects)	835	-	-	(24)	-	811
	835	-	-	(24)	-	811
Unrestricted funds						
Designated funds						
Advance fees	132	-	(7)	-	-	125
Other unrestricted funds						
Retained income	21,226	20,835	(19,703)	(227)	-	22,131
Total funds	23,477	20,877	(19,722)	(251)	188	24,569

18 Financial commitments

Operating leases

At 31 August 2021 the School, and group, had total commitments for items other than land and buildings under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Consolidated		
Less than one year	27	17
1 to 5 years	38	48
Greater than 5 years	-	-
	65	65
School		
Less than one year	26	16
1 to 5 years	38	48
Greater than 5 years	-	-
	64	64

19 Trustees

The Trustees do not receive any remuneration. Expenses reimbursed for travelling undertaken on behalf of the School amounted to £485 (2020: £496).

20 Pensions and pension schemes

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS 102, the School accounts for this scheme as if it were a defined contribution scheme.

The pension charge for the year includes contributions payable to the TPS of £1,340,000 (2020: £1,387,000).

The last valuation of the scheme was as at 31 March 2016. The Government Actuary's report of January 2019 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £218.1 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £191.5 billion.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4%

20 Pensions and pension schemes (continued)

payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable which were implemented from 1 September 2015.

From 1 September 2020, the employer contribution rate increased to 23.68%.

From 1 April 2015, the TPS was reformed, with a different benefit structure for a number of members. These changes have been allowed for in the contribution rate set out above.

Independent Schools' Pension Scheme

Certain non-academic staff are members of The Independent Schools' Pension Scheme ('ISPS'). This scheme was introduced with effect from 5 September 1996, to which both the School and staff contribute. The Independent Schools' Pension Scheme is an industry-wide, funded defined benefit scheme.

Under definitions set out in FRS102, the ISPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has accounted for its contributions as if it were a defined contribution scheme.

Up to 31 August 2021, the school has paid an employer contribution rate of 24.5%. Due to the nature of the scheme, the charge to the statement of financial activities for the year under FRS102 represents the employer contribution payable.

The latest full actuarial valuation of the Scheme was at 30 September 2019. The market value of the Scheme's assets at the valuation date was £193.9m and the value of the liabilities at that date was £230.4m giving a deficit of £36.5m.

The superannuation cost represents contributions payable to the fund and amounted to £45,000 (2020: £50,000). The next full actuarial valuation will be carried out as at 30 September 2020.

Following consideration of the results of the actuarial valuation in 2014 it was agreed that the shortfall would be dealt with by the payment of deficit contributions of £3.47 million per annum from 1 September 2013 to 31 August 2016. From 1 September 2016 to 31 August 2029, deficit contributions of £3.34 million per annum will be required. If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an ongoing funding basis, by 31 August 2029. The School pays a pro rata proportion of the deficit contributions based on details provided by the ISPS. A provision has been recognized for this obligation of £549,000 (2020 £549,000). A summary of movements since 1 September 2020 are noted below:

	£'000
Provision as at 1 September 2020	549
Deficit contribution made	(37)
Increase in provision	37
Provision as at 31 August 2021	549

Other pension schemes

Certain non-academic staff are members of the Downe House Staff Pension Schemes, which are defined contribution insured funds administered by a private pensions company to which contributions are paid as they become due.

The superannuation cost represents contributions payable to the funds and amounted to £330,000 (2020: £333,000). The balance of contributions payable at the year-end was £48,000 (2020: £46,000).

21 Subsidiary undertakings

The principal place of business for all subsidiary undertakings is the same as that for Downe House School as noted on page 1.

Downe House School is the sole corporate Trustee of the Downe House Trust (309091). The trust is managed by the Trustees of the School. The Downe House Trust owns property used by the School for which it received rental payments of £646,000 (2020: £646,000) for the year. The results reported below have been consolidated in the group financial statements after making appropriate intra group adjustments.

	2021 £'000	2020 £'000
Downe House Trust		
Total incoming resources	647	646
Total resources expended	(1,302)	(1,415)
Net movement in funds	(655)	(769)
Total assets	38,241	37,697
Total liabilities	(35,471)	(34,272)
Total funds	2,770	3,425

Downe House School is the sole member of Downe House Foundation. The Downe House Foundation is managed independently of the School, has a separate board of Trustees and raises funds for educational building projects at Downe House School. The results reported below have been consolidated in the group financial statements after making appropriate intra group adjustments.

	2021 £'000	2020 £'000
Downe House Foundation		
Total incoming resources	82	134
Total resources expended	(5)	(3)
Net movement in funds	77	131
Total assets	427	350
Total liabilities	(5)	(5)
Total funds	422	345

As noted on page 2 the Downe House Appeal Fund (2009), charity number 1044896, is dormant with no assets or liabilities.

Downe House School owns the entire share capital of a trading subsidiary undertaking, Downe House School Services Limited, a company registered in England and Wales (2664010) with £2 share capital, called up and fully paid (Note 2).

22 Reconciliation of net income to net cash inflow from operating activities

	2021 £'000	2020 £'000
Net income/(expense) before transfers	514	(749)
Depreciation charges	1,384	1,413
Gain on disposal of fixed assets	(1)	(42)
(Gains)/Losses on investments	(188)	20
Investment income	(14)	(37)
Decrease/(Increase) in debtors	(384)	(1,010)
Decrease/(Increase) in creditors	584	(225)
Net cash inflow/(outflow) from operating activities	1,895	(630)

23 Cash flows from investing activities

	2021 £'000	2020 £'000
Investment income	14	37
Purchase of tangible fixed assets	(1,661)	(1,084)
Receipts from sale of fixed assets	6	65
Purchase of investments	(1,091)	(2,061)
Receipts from sale of investments	1,034	1,754
Net cash inflow/(outflow)	(1,698)	(1,289)

24 Analysis of changes in cash during the year

	Cash at bank and in hand less overdraft £'000	Total £'000
Balance as at 1 September 2020	3,096	3,096
Cash flows	697	697
Balance as at 31 August 2021	3,793	3,793

25 Reconciliation of net cash flow to movement in cash

	2021 £'000	2020 £'000
Increase/(Decrease) in cash in the year	697	(1,919)
Movement in cash in year	697	(1,919)
Net funds at 1 September	3,096	5,015
Net funds at 31 August	3,793	3,096

26 Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by members at 31 August 2021 was £11 (2020: £14).

27 Related party transactions

Trustees whose children attend the School do not receive any concessions on their fees or disbursement charges as a result of their position as a Trustee. Staff members receive a discount of between 50% and 90% of the basic fees.

The group incurred costs of £179,000 of which £Nil was outstanding at 31 August 2021 (2020: £264,000, £4,000 outstanding) in respect of legal services in the year ended 31 August 2021 to Farrer & Co. solicitors, where Ms VJ Exelby is a Consultant.

Trustees donated a total of £Nil (2020 £15,000) during the year.

28 Comparative Statement of Financial activities for the year ended 31 August 2020

		Unrestricted funds		Restricted	Endowed	Total
	Notes	School £'000	Others £'000	Funds £'000	Funds £'000	2020 £'000
INCOMING RESOURCES						
Donations and legacies		-	-	134	-	134
Other trading activities:						
Trading income	2	-	37	-	-	37
Premises hire		-	-	-	-	-
Income from investments		18	-	-	19	37
Income from charitable activities:						
School activities	3	19,329	-	-	-	19,329
Other income:						
Gain on disposal of fixed assets		42	-	-	-	42
Total Income and Endowments		19,389	37	134	19	19,579
RESOURCES EXPENDED						
Expenditure on raising funds:						
Trading expenditure	5	-	23	-	-	23
Generating voluntary income	5	256	-	-	-	256
Expenditure on charitable activities						
School activities	5	19,033	886	52	11	19,982
Governance costs	5	42	4	-	-	46
Total expenditure		19,331	913	52	11	20,307
NET (EXPENSES) BEFORE GAINS /(LOSSES) ON INVESTMENTS		58	(876)	82	8	(728)
Net gains/(losses) on investments		(4)	-	-	(17)	(21)
NET (EXPENSES) BEFORE TRANSFERS	4	54	(876)	82	(9)	(749)
Transfers between funds	17	(133)	156	(23)	-	-
NET MOVEMENT IN FUNDS		(79)	(720)	59	(9)	(749)
Total funds brought forward	17	21,437	3,672	1,594	1,293	27,996
TOTAL FUNDS CARRIED FORWARD	17	21,358	2,952	1,653	1,284	27,247