

Downe House School

Annual report and financial statements

for the year ended 31 August 2023

Registered Number: 2645228

Registered Charity Number: 1015059

Downe House School

Annual report and financial statements for the year ended 31 August 2023

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Trustees, Officers and Advisors

Trustees, Governors and Directors

		Membership of Committees
Ms AF Hazlitt (Chair of Governors)	BA	All
Mr TM Boucher (Chair of Finance & General Purposes Committee)	BA,FCA	F, ES, N, B
Mr JJ Smith (Chair of Education Committee)	BA, MEd, PGCE	ED, SG, N
Ms VJ Richards (Exelby)	MA	ED, SG
Mrs FM Holmes	BComm	ES, F
Dr C O'Kane	MA, MB BChir, MSc, Dphil	ED
Mr MK Ridley (Chair of Estates Sub-Committee)	BA, MA, MRICS	ES, F, B
Ms EJ Clarke	MInstF(Cert)	ED, B, N
Dr CI Ratnage (Chair of Safeguarding Committee) (due to leave Board November 2023)	MBChB, MRCP	ED, SG
Ms P Diana		ED, SG
Ms CE Ross		SG, F, N
Ms SK McNair Scott (Chair of Business Development Committee)		B, ES, F
Mr NJD Woods (Appointed 10 November 2022)		F

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

Education Committee	ED
Safeguarding Committee	SG
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

Mr EFP Valletta (Appointed 2 March 2023)

Principal and Registered office

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

Independent Auditors

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

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 2023.

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, registered in England.

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 Bursary and Scholarships fund within Downe House School. 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 2023 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.

Report of the Trustees and Strategic Report (continued)

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 2023, except where otherwise disclosed below, are as listed on page 1.

The following Directors were elected at the Annual General Meeting on 24 November 2022

Paola Diana
Sally McNair Scott
Nick Woods

The following Directors were re-elected at the Annual General Meeting on 24 November 2022:

Tim Boucher
Mark Ridley

The following Director resigned at the Board meeting held on 24 November 2022:

Nick Hornby

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 Directors' liability insurance with a cover limit of £20 million.

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 in order 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.

Report of the Trustees and Strategic Report (continued)

Finance and General Purposes Committee

The members of this Committee meet at least four times per 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 per 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.

Report of the Trustees and Strategic Report (continued)

Business Development Committee

The members of this Committee meet a minimum of once 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.

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.

There are five Board members on the Safeguarding Committee including the current Board Chair. The DSL and Headmistress of the school also sit on the Committee as ex-officio members.

The committee meets at a minimum termly throughout the academic year to;

- iii. agree protocols and procedures that reflect a best practice approach to safeguarding in line with the latest government KCSIE guidelines.
- iv. ensure clear accountability and training for those across the school community with responsibility for safeguarding.
- v. share learning and casework developments to improve awareness and compliance around safeguarding.

The DSL produces termly reports that are shared with the committee and an abridged version is then shared with the Board.

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.

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. The School also owns the Chateau de Sauveterre near Toulouse in France. This site was utilised by the school in the first two terms of the year and welcomed year 7 pupils from a number of Prep Schools Trust schools in the Summer term. 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.

Report of the Trustees and Strategic Report (continued)

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.

Report of the Trustees and Strategic Report (continued)

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, prospective 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 boarding education for girls 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 Centenary Development Plan has been constructed which will lead to improvements in the School's facilities that have been identified as current or future needs. This plan builds on the very successful Ten-Year Plan just completed which included the building of new lower-school boarding houses and the completion of the Murray Centre in 2019. Running alongside the development programme is a schedule of routine works and maintenance. As well as an emphasis on improving boarding and classroom accommodation, the School has also been focusing on developing a robust infrastructure of services to support and sustain current and future needs, for example, to take account of increasing demands of technology and new buildings. It should be noted that ensuring all developments are sustainable and environmentally friendly is a key aim.

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, including those from the Olive Willis Trust, in order to ensure broad access to the School. Applications for Bursaries are considered by the Headmistress and Director of Finance and Business Enterprise 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 and the School also works with the Royal National Children's SpringBoard Foundation to identify suitable candidates. In 2022, the Board of Governors approved funding for two 100% equivalent additional bursaries for day pupils resident in the local community. These Centenary Bursaries are to mark the School's move to its current site in 1922.

Scholarships

Scholarships are awarded by the Headmistress as a result of academic achievement in the scholarship examinations set by the School. From 2019/2020 the financial component of new scholarships was reduced to Nil although those granted before that date may continue. Those gaining Music Scholarships do receive tuition for teaching in up to two individual musical instruments.

Report of the Trustees and Strategic Report (continued)

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 and build partnerships with local schools and organisations, as well as open facilities and events, where possible, to the local community. These developments are in addition to the increased 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 a growing number of initiatives including our Oxbridge Interview evening or, as mentioned above, by opening up appropriate events and lectures, for example, our Classics Day and our Educational Conferences to students and staff from other schools and welcoming members of the local community to plays, concerts and other appropriate events. Some of our staff also act as Governors at local schools and share their expertise.

Bursaries

A means tested bursary scheme, in part funded by the Olive Willis Trust Fund, is in operation potentially remitting up to 100% of fees plus extras from which 32 girls benefited at a cost of £931,000 (2022: 28 girls benefited at a cost of £898,000). The School had 16 pupils on high level bursaries between 75% and 100% plus extras for 2022/2023. For 2023/2024 21 high level bursaries between 75% and 100% of fees plus extras have been awarded.

The Olive Willis Trust Fund principally provides 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 £10,000 has been raised the wide variety of charities supported includes:

Alzheimer's Association
BowelBabe Fund
Charlie Waller Memorial Trust
EDCLUB Movement
Hope & Homes for Children
Operation Smile
Reality Gives
Riding for the Disabled
Royal British Legion
Swings and Smiles
The Bishop of Oxford Outreach Fund

Report of the Trustees and Strategic Report (continued)

Downe House School Services Limited

Downe House School Services Limited's trading activities include lettings of the School's facilities. The Company's major activities are the Global Academy; the rental of the School in Sauveterre; and Summer lets all of which have been successful and contributed significantly to the profits donated to its parent undertaking the details of which are provided in note 2.

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. All major fundraising is undertaken by the Downe House Foundation.

Investment Performance

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

Leadership team and staff

The Trustees would like to take this opportunity to recognise the hard work and dedication of the Headmistress, leadership team and the teaching, pastoral, operational 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 Director of Finance and Business Enterprise. 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 Deputy Head, or appropriate line-manager, and assessed against the needs of 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. 360-degree performance reviews are currently being trialled at Leadership Team level.

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, working parties, 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 gender, race, ethnicity, disability, sexual orientation, age or marital status and gives full and fair consideration to applications for employment.

Report of the Trustees and Strategic Report (continued)**STRATEGIC REPORT****Achievements and Performance****Review of 2022/2023**

The Public Examination results this year remained very positive, particularly against a national return to 2019 grading and standards. GCSE passes at 4-9 grade (A* to C) or equivalent grades = 99.4% (2022: 99.7%) with 81% being at 7 – 9 grade (2022: 88%) and 59% at 8 – 9 grade (2022: 71%). Pre U / A level passes A* to B or equivalent grades = 85% (2022: 91%).

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.

With the complete return to the provision of 'normal' in-person education for everyone, no online lessons are now offered as a matter of course. They may be offered to support children who are absent and unwell for significant periods of time or lessons may also be recorded from time to time where a teacher sees this as beneficial for a class.

The return to a completely normal academic year has afforded the School the opportunity to begin to review the curriculum provision and methods of delivery once again. Our new Director of Learning and Research appointed last year has seen the completion of the first cycle of research led by students and staff on a variety of areas. This is being fed back across the School to ensure meaningful outcomes are delivered. In addition, our newly appointed Director of Digital Learning has already started to look at ways in which AI can be embraced to enhance teaching and learning. A number of staff-led Working Groups have also been constituted, including one looking at Outdoor Education, one looking at Literacy and one Neurodiversity. Staff-led INSET sessions have also become routine and this sharing of good practice is both energising and enlightening for everyone. The School seeks to be at the forefront of educational development and practice.

We have continued to build our academic and pastoral partnership with parents through our 'Parenting and Educating in Partnership Programme' that was launched last year. It has been further refined and has once again been very successful in sharing information and expertise with parents on academic and pastoral matters through online talks. The continuation of the delivery of online seminars and lectures post pandemic has meant that many more parents are able to access material and indeed do so. These talks are very often recorded and the take-up of parents watching them at a later stage is high.

Following on from the completion of all our Housemistresses becoming Mental Health First Aid trained last year, our Health Centre staff and Assistant Housemistresses have now had that training too. We continue to develop our use of STEER tracking with Tutors now having access to the information to enable them to support the girls, and older students now also have access to their data in readiness to help them to understand themselves better and so look after themselves more effectively when they leave school. Our anonymous reporting platform for pupils, Whisper, has continued to prove useful in enabling girls to reach out for help or report concerns in a protected way. Our Director of Pupil Wellbeing has taken over the management of Learning for Life (PSHE), as well as responsibility for EDI and has introduced a more formal programme of timetabled Learning for Life lessons in the Sixth Form.

Report of the Trustees and Strategic Report (continued)

EDI (Equity, Diversity and Inclusion) remains an area of focus. A full Race Equality Review was undertaken through Farrer & Co with All-in Education this year and recommendations arose from that which have been very helpful. As a result, a member of staff has now been appointed as our EDI lead and she is consulting with staff and pupils to ensure that we build a strategy that is fit for purpose. Opportunities to discuss racial prejudice, sexual harassment, discrimination generally and inclusion continue to be provided through PSHE and in the Houses. There has also been greater awareness raised through Black History Month, Pride Week and a Neurodiversity Week. Our strategic partnership developed with Radley College, a near-by boys' school, also plays a significant part in helping to explore healthy and respectful relationships with pupils in Year 9 upwards. Chloe Combi, an expert in the field, continues to guide us and analyse the work that we are doing to ensure that it is achieving its aim. This work is being further developed with a partnership being developed with Ludgrove School, a boys' Preparatory School, for years 7 and 8.

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 continues to have a team of Senior Staff trained to level 3 so that the Designated Safeguarding Lead (DSL) has good support. The appointment of an external Safeguarding Adviser who has visited the School regularly (four times this year) has provided very useful feedback following the audit of his work of the Safeguarding Team. He has worked closely with the DSL and also the Safeguarding Governor. From January 2024, it has been decided that to further strengthen the work of the Safeguarding team, the role of Deputy Head Pastoral and DSL will be separated.

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 continuation of the training offered across departments with colleagues supporting one another through a channel in Microsoft Teams and we remain a Microsoft Showcase School. Our programme for our Scholars has been further 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. In particular a new STEM magazine has been launched very successfully. Participation in academic competitions, for example Olympiads, is high and success rates very pleasing. A further Academic Symposium has also taken place with Radley College for our Year 10 and 12 students focused on Science and Debating has been introduced throughout the School and is thriving. We were fortunate to have Lord Strathclyde, former Leader of the House of Lords, judging our first House Debating Competition.

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, is now in its second year and continues to be a success. 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, the Ivy House Leadership qualification, Leiths Cookery qualification and much more. After review, we have also added an opportunity to complete a TEFL qualification.

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. Productions of 'Grimms Fairy Tales', 'Chicago' and 'Fame', 'Cinderella' and much more all ensured that girls from a variety of ages were able to shine and they were excellent. Our annual House Drama, House Dance and House Gym Competitions all took place and showcased a wonderful range of talent. Founder's Weekend took place with some of 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 performed in outstanding concerts at Founder's Weekend, at St John's Church on Newbury and as part of the Newbury Spring Festival. We enjoyed two exceptional Carol Services, one in London and one in Newbury. A Musical Theatre Day and a Dance Day for Prep School and Primary School children respectively were both extremely well attended and enjoyed!

Report of the Trustees and Strategic Report (continued)

In Sport there was activity in every area in the Michaelmas, Lent and Summer terms including Lacrosse, Netball, Hockey, Swimming, Athletics, Cricket, 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. 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 took place again this year. An excellent Sports Workshop was also run for feeder school children.

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. The girls have enjoyed the programme of trips to the cinema, socials with other schools to a trip to Harry Potter World, Cadbury World, Thorpe Park and so on. Commitment to the Duke of Edinburgh remains strong at Bronze and Gold level as does the commitment to Peer Support and Academic Mentor Programme in the Sixth Form. It has also been very good to reinstate a full programme of overseas trips too, including language, curriculum and sports trips.

Developing global awareness and understanding in our girls also remains a priority and our Global Schools' Exchange Programme always attracts strong interest. 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. They ran a Global Festivals' Day very successfully too. It is our aim too to have four staff going out on Global Staff Exchanges with the aim of bringing back good practice from around the world. It was a great feat of organisation to also be able to set up a ground-breaking series of Global Internships for members of the LVI. These are often kept as the preserve of universities but the benefit of such opportunities is priceless.

In addition to our education programme, the School's two new franchise campuses opened in September 2022, Downe House Muscat and Downe House, Riyadh have completed successful first years. We are looking forward to developing partnership activities across the three schools and offering opportunities for the pupils and staff to enhance their understanding of this wonderful part of the globe. Our online Global Academic offering enrichment courses in partnership with Elite K-12 in China continues to be successful and grow. Additional income for Downe House in the UK will be generated by all of these projects.

The School continues to use its French campus, Chateau de Sauveterre, near Toulouse in France in order to offer our unique opportunity for the Year 8 girls to spend a term there. It has been very good to see the girls benefiting from this experience both academically and pastorally. An area of focus for next year will be to maximise this asset for income generation.

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 have maintained their support of a local UK based charity as well as their link charity overseas. Charities and causes high on our list include Swings and Smiles, the EDCLUB Movement, and Riding for the Disabled, as well as giving support to Ukraine. The Governors also agreed to offer a full Bursary to a Ukrainian refugee student. 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.

Report of the Trustees and Strategic Report (continued)

The School continues to welcome more members of the local community into the School, including for concerts, plays, talks, Founder's Weekend, and staff provided an afternoon of projects for the local Primary School including opportunities to use a laboratory, learn coding, Chinese and more. Our Year 9 students also spent a day out working in the community. The astroturf and swimming pool have also been opened for community use.

None of this would be possible without a highly dedicated 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. As already mentioned, we continue to encourage them to share their considerable expertise with one another too. A comprehensive induction programme is in place for all staff so that they are able to gain a good understanding of the School and have appropriate support.

Investment in our facilities on the School site continues and saw the start of the refurbishment of one of the Sixth Form Houses, Willis, as well as the next phase of classroom refurbishment being undertaken too. A Director of Development was also appointed with a view to starting our fundraising activities for our maths, computing and music development.

Although pupil numbers remain resilient and there is reason to be optimistic about the future, it is important that we are never complacent. The pandemic had a significant impact on the economy and we acknowledge the political and broad financial challenges, particularly the likely imposition of VAT on school fees and loss of Business Rate Relief, that will face the independent 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. In addition, it is key that we contain costs and seek to increase revenue through appropriate diversification in activities. To this end, the Governors decided to consult the staff on a possible exit from the TPS scheme which is underway. We also recognise particularly the challenge of parents wanting to commit to full boarding and therefore we will be increasing the number of our day students to a target 10% and allowing students home at weekends as long as they meet their school commitments.

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 Group'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 £26.7m (2022 £27.8m)
Restricted funds £1.6m (2022 £1.6m)
Endowed funds £1.4m (2022 £1.4m)

Report of the Trustees and Strategic Report (continued)

Financial Results

The results are shown in the financial statements and notes thereto on pages 20 to 48. Fee income, net of bursaries and scholarships was £23.3m (2022: £22.8m). Total resources expended have increased from £23.2m to £25.4m.

Net incoming resources before gains and losses on investments amounted to a £1.1m net expense (2022: £0.1m net incoming resources). There has been a decrease in the Group's positive cash position from £6.7m to £5.5m (note 24)

The activities of Downe House School Services Limited (Note 2), Downe House International (Oman) 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 environment.

Health & Safety.

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

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.

Report of the Trustees and Strategic Report (continued)

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, the current loan facility is due to be repaid by 31 July 2024, 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.

Report of the Trustees and Strategic Report (continued)**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 4 December 2023



T Boucher
Trustee/Director

Downe House School

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 2023 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and of the group'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, including 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 2023; 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 the 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 the 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.

Downe House School

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.

With respect to Report of the Trustees and Strategic Report, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

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, for the period ended 31 August 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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 did not identify any material misstatements in the Report of the Trustees and Strategic Report.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the 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 or the 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 its industry/environment, we identified that the principal risks of non-compliance with laws and regulations related to employer related legislation, health and safety law and standards imposed by the Independent Schools Inspectorate, 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 by the engagement team 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;
- Understanding the design and implementation of controls in relation to management override of control;
- Challenging key judgements and estimates; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

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.

Downe House School

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 parent charitable company'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.



Mark Billingham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
4 December 2023

Consolidated statement of financial activities for the year ended 31 August 2023

		Unrestricted funds		Restricted	Endowed	Total	Total
	Notes	School £'000	Others £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
INCOMING RESOURCES							
Donations and legacies		-	-	87	-	87	18
Other trading activities:							
Trading income		20	907	-	-	927	462
Premises hire		24	-	-	-	24	21
Income from investments		12	-	-	26	38	19
Income from charitable activities:							
School activities		23,265	-	-	-	23,265	22,809
Total Income and Endowments		23,321	907	87	26	24,341	23,329
RESOURCES EXPENDED							
Expenditure on raising funds:							
Trading expenditure	5	-	(136)	-	-	(136)	(105)
Governance costs	5	-	(8)	-	-	(8)	-
Generating voluntary income	5	(122)	-	-	-	(122)	(145)
Expenditure on charitable activities							
School activities	5	(23,865)	(954)	(53)	(13)	(24,885)	(22,891)
Governance costs	5	(58)	(15)	-	-	(73)	(57)
Other expenditure:							
Loss on disposal of fixed assets		(218)	-	-	-	(218)	-
Total expenditure		(24,263)	(1,113)	(53)	(13)	(25,442)	(23,198)
NET (EXPENSES) / INCOME BEFORE GAINS / (LOSSES) ON INVESTMENTS		(942)	(206)	34	13	(1,101)	131
Net gains/(losses) on investments		20	-	-	(32)	(12)	(57)
NET (EXPENSES) / INCOME BEFORE TRANSFERS	4	(922)	(206)	34	(19)	(1,113)	74
Transfers between funds	17	1,935	(1,911)	(24)	-	-	-
NET MOVEMENT IN FUNDS		1,013	(2,117)	10	(19)	(1,113)	74
Total funds brought forward	17	23,292	1,493	1,602	1,448	27,835	27,761
TOTAL FUNDS CARRIED FORWARD	17	24,305	(624)	1,612	1,429	26,722	27,835

All amounts derive from continuing activities. All gains and losses recognised in the year are included in the consolidated statement of financial activities. Included within total funds is an investment revaluation reserve of £292,000 (2022: £292,000) for the consolidated balance sheet.

Consolidated summary income and expenditure account for the year ended 31 August 2023

	Notes	2023 £'000	2022 £'000
Net charitable income		23,414	22,867
Less Endowed fund income		(26)	(16)
Non-charitable trading income	2	927	462
Total income		24,315	23,313
Charitable expenditure		(25,080)	(23,080)
Add back Endowed fund expenditure		13	13
Loss on disposal		(218)	-
Non-charitable trading expenditure	2	(144)	(105)
Net (expenses)/income before investment asset disposals		(1,114)	141
(Loss)/Gain on disposal of fixed asset investments		(8)	(41)
Interest payable and similar charges	7	(99)	(13)
Interest receivable		38	19
(Deficit)/Surplus of income over expenditure		(1,183)	106

Reconciliation to Consolidated statement of financial activities

	2023 £'000	2022 £'000
Net (outgoing) / incoming resources before recognised gains & losses	(1,101)	131
Loss on disposal of fixed asset investments	(8)	(41)
Less net income and expenditure on endowed funds	13	3
(Deficit)/Surplus of income over expenditure	(1,096)	93

Note of consolidated historical cost profits and losses for the year ended 31 August 2023

	2023 £'000	2022 £'000
Reported (deficit)/surplus of income over expenditure	(1,096)	93
Realisation of investment gains of previous years	(8)	(41)
Historical (deficit)/surplus on ordinary activities	(1,104)	52

Consolidated and School balance sheets as at 31 August 2023

	Notes	Consolidated		School	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Tangible assets	9	29,740	30,180	2,648	2,741
Investments	10	2,037	2,146	2,037	2,146
		31,777	32,326	4,685	4,887
Current assets					
Stocks	11	39	20	39	20
Debtors	12	3,132	2,563	43,235	39,802
Investments	10	195	164	185	154
Cash at bank and in hand		5,503	6,658	4,579	5,793
		8,869	9,405	48,038	45,769
Creditors: amounts falling due within one year	13	(11,966)	(10,032)	(24,268)	(21,265)
Net current (liabilities)/assets		(3,097)	(627)	23,770	24,504
Total assets less current liabilities		28,680	31,699	28,455	29,391
Creditors: amounts falling due after more than one year					
Advance fees	15	(412)	(640)	(412)	(640)
Bank Loans		-	(1,500)	-	(1,500)
Final term deposits	14	(1,310)	(1,175)	(1,310)	(1,175)
		(1,722)	(3,315)	(1,722)	(3,315)
Pension deficit	20	(236)	(549)	(236)	(549)
Net assets		26,722	27,835	26,497	25,527
Represented by:					
Endowed funds	17	1,429	1,448	1,429	1,448
Restricted funds	17	1,612	1,602	763	787
Unrestricted funds					
Designated	17	158	126	158	126
Retained income	17	23,523	24,659	24,147	23,166
Non-charitable trading funds	17	-	-	-	-
Total Unrestricted funds		23,681	24,785	24,305	23,292
Total funds		26,722	27,835	26,497	25,527

The financial statements on pages 20 to 48 were approved by the Trustees on 4 December 2023 and signed on their behalf by:


T Boucher
Trustee/Director

Consolidated cash flow statement for the year ended 31 August 2023

	Notes	2023 £'000	2022 £'000
Net cash (outflow)/inflow from operating activities	22	(369)	3,689
Net cash outflow from investing activities	23	(1,286)	(1,824)
Net cash (outflow)/inflow before financing		(1,655)	1,865
Net cash inflow from financing activities		500	1,000
(Decrease)/Increase in cash in the year	24,25	(1,155)	2,865
Cash and cash equivalents at start of year		6,658	3,793
Cash and cash equivalents at end of year		5,503	6,658

Notes to the financial statements for the year ended 31 August 2023

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 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 School and its subsidiary undertakings (together "the group") include the consolidated financial statements of all the entities 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.

Going Concern

The Trustees have reasonable expectation that the group has adequate resources to continue its activities for the foreseeable future. The Trustees expect that the group will continue to meet applicable financial covenants for 2023/24 and that the group will be able to meet its debt repayment obligations as they fall due. Accordingly, the Trustees consider that there are no material uncertainties over the group's financial viability and thus continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities on page 16. The net current liabilities position at the end of the financial year arises mainly due to the classification of the £2.0 million loan facility as a current liability, which will be repaid once new banking facilities are in place.

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.

Notes to the financial statements for the year ended 31 August 2023 (continued)

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.

Downe House School

Notes to the financial statements for the year ended 31 August 2023 (continued)

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

Freehold 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.

Notes to the financial statements for the year ended 31 August 2023 (continued)

Grants and allowances

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

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:

	2023 £'000	2022 £'000
Turnover	749	462
Cost of sales	(98)	(97)
Gross profit	651	365
Administration expenses	(9)	(3)
Donation to other registered charities	-	(5)
Profit on ordinary activities before taxation	642	357
Tax on profit on ordinary activities	-	-
Profit for the financial year	642	357
Donation to Downe House School	642	357

Cost of sales include £23,630 (2022: £21,363) for accommodation services provided by the School.

	2023 £'000	2022 £'000
Total assets	735	428
Total liabilities	(735)	(428)
Net assets	-	-

Notes to the financial statements for the year ended 31 August 2023 (continued)

2 Trading income (continued)

The School owns Downe House International (Oman) Limited, whose trading activities include issuing licenses to local partners to open Downe House Riyadh and Downe House Muscat. It donates its taxable profits to the School. Its results for the year to 31 August were:

	2023 £'000	2022 £'000
Turnover	158	-
Cost of sales	(20)	-
Gross profit	138	-
Administration expenses	(17)	-
Donation to other registered charities	-	-
Profit on ordinary activities before taxation	121	-
Tax on profit on ordinary activities	-	-
Profit for the financial year	121	-
Donation to Downe House School	121	-

	2023 £'000	2022 £'000
Total assets	121	-
Total liabilities	(121)	-
Net assets	-	-

3 Incoming resources from school activities

	2023 £'000	2022 £'000
Gross fees receivable	24,090	23,653
Bursaries, grants and scholarships	(973)	(944)
Net fee income	23,117	22,709
Registration fees	148	100
	23,265	22,809

Notes to the financial statements for the year ended 31 August 2023 (continued)

4 Net (expenses)/income before transfers

	2023 £'000	2022 £'000
Net (expenses)/income before transfers is stated after charging:		
Depreciation on owned assets	1,509	1,435
Operating lease rentals – equipment	51	30
Auditors' remuneration		
- for audit services, net of vat (School: £50,000 (2022: £33,000))	58	40
- vat on audit services	12	8
- Other assurance services	22	39
- Tax compliance services	11	9
<hr/>		
Staff costs		
Wages and salaries	12,233	11,677
Social security costs	1,768	1,554
Pension contributions	1,868	1,774
Pension provision release	(278)	-
	<hr/>	<hr/>
	15,591	15,005

The average number of employees in the year, calculated on a full time equivalent basis, was 310 (2022: 287) of which 139 (2022: 127) were teaching staff.

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

	2023 Number	2022 Number
£60,001 - £70,000	14	7
£70,001 - £80,000	2	4
£80,001 - £90,000	3	3
£90,001 - £100,000	2	1
£100,001 - £110,000	2	2
£110,001 - £120,000	-	1
£130,001 - £140,000	1	-
£260,001 - £270,000	1	1

21 of the employees above (2022: 15) have pension benefits accruing under defined benefit schemes and 4 (2022: 4) have pension benefits accruing under a defined contribution scheme. The emoluments of the highest paid employee above reflects net employer contributions of 23.68% of salary to the Teachers' Pension scheme which ceased with effect from 1 September 2019 at which time the salary was increased by an amount equivalent to the contributions foregone.

Notes to the financial statements for the year ended 31 August 2023 (continued)

4 Net (expenses)/income before transfers (continued)

Total emoluments for key management personnel during the year were £612,000 (2022 £590,000). 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 2023 £'000
Expenditure on raising funds:				
Trading expenditure	-	-	136	136
Governance costs	-	-	8	8
Generating voluntary income	63	-	59	122
	63	-	203	266
Expenditure on school activities				
Teaching	9,094	257	1,912	11,263
Welfare	3,962	126	2,029	6,117
Premises	771	1,061	2,344	4,176
Support costs for schooling	1,701	65	1,563	3,329
	15,528	1,509	7,848	24,885
Governance Costs	-	-	73	73
Loss on disposal of fixed assets	-	-	218	218
Total expenditure	15,591	1,509	8,342	25,442

Notes to the financial statements for the year ended 31 August 2023 (continued)

5 Analysis of total resources expended (continued)

	Staff costs £'000	Depreciation £'000	Other £'000	Total 2022 £'000
Expenditure on raising funds:				
Trading expenditure	-	-	105	105
Generating voluntary income	69	-	76	145
	69	-	181	250
Expenditure on school activities				
Teaching	8,437	239	1,571	10,247
Welfare	3,768	117	1,700	5,585
Premises	727	1,018	2,121	3,866
Support costs for schooling	2,004	61	1,128	3,193
	14,936	1,435	6,520	22,891
Governance Costs	-	-	57	57
Total expenditure	15,005	1,435	6,758	23,198

6 Governance costs

	2023 £'000	2022 £'000
Audit	70	48
Other	11	9
	81	57

7 Interest payable and similar charges

	2023 £'000	2022 £'000
Interest payable and similar charges		
On bank overdraft and other borrowings	99	13

Notes to the financial statements for the year ended 31 August 2023 (continued)

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 and Downe House International (Oman) Limited are not registered for VAT and accordingly, all their 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 2022	40,257	9,576	2,858	246	52,937
Additions	872	140	466	52	1,530
Disposals	(609)	-	-	-	(609)
As at 31 August 2023	40,520	9,716	3,324	298	53,858
Accumulated depreciation					
As at 1 September 2022	11,643	8,685	2,230	199	22,757
Charge for year	1,034	214	234	27	1,509
Disposals	(148)	-	-	-	(148)
As at 31 August 2023	12,529	8,899	2,464	226	24,118
Net book value					
As at 31 August 2023	27,991	817	860	72	29,740
As at 31 August 2022	28,614	891	628	47	30,180

Notes to the financial statements for the year ended 31 August 2023 (continued)

9 Tangible assets (continued)

Included within freehold land and buildings is land at a cost of £92,473 (2022: £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 2023 the group had committed to spend £Nil on its capital projects in the coming year. (2022: £Nil).

	Freehold land & buildings £'000	Equipment & furnishings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
(b) School					
Cost					
As at 1 September 2022	1,333	9,442	2,858	246	13,879
Additions	213	140	466	52	871
Disposals	(609)	-	-	-	(609)
As at 31 August 2023	937	9,582	3,324	298	14,141
Accumulated depreciation					
As at 1 September 2022	158	8,551	2,230	199	11,138
Charge for year	28	214	234	27	503
Disposals	(148)	-	-	-	(148)
As at 31 August 2023	38	8,765	2,464	226	11,493
Net book value					
As at 31 August 2023	899	817	860	72	2,648
As at 31 August 2022	1,175	891	628	47	2,741

Notes to the financial statements for the year ended 31 August 2023 (continued)

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 2022	10	1,448	852	2,310
Additions	-	411	149	560
Disposals at opening market value/cost	-	(406)	(228)	(634)
Revaluations	-	(24)	20	(4)
As at 31 August 2023	10	1,429	793	2,232
UK Listed securities	-	1,344	693	2,037
Cash and short term deposits	10	85	100	195
	10	1,429	793	2,232
Historical cost				
As at 31 August 2023	10	1,309	787	2,106
As at 31 August 2022	10	1,156	852	2,018
Movement on gains				
Unrealised gains at				
1 September 2022	-	292	-	292
Less: Disposals in year	-	(8)	-	(8)
	-	284	-	284
Revaluations in year	-	(24)	20	(4)
As at 31 August 2023	-	260	20	280

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

	2023 £'000	2022 £'000
Fixed asset investments	2,037	2,146
Current asset investments	195	164
	2,232	2,310

There are no individually material investment holdings.

Notes to the financial statements for the year ended 31 August 2023 (continued)

10 Investments (continued) (b) School

	Expendable Endowment: Bursary and scholarships Fund £'000	Designated: Advance fees £'000	Total £'000
As at 1 September 2022	1,448	852	2,300
Additions	411	149	560
Disposals at opening market value/cost	(406)	(228)	(634)
Revaluations	(24)	20	(4)
As at 31 August 2023	1,429	793	2,222
UK Listed securities	1,344	693	2,037
Cash and short term deposits	85	100	185
	1,429	793	2,222
Historical cost			
As at 31 August 2023	1,309	787	2,096
As at 31 August 2022	1,156	852	2,008
Movement on gains			
Unrealised gains at			
1 September 2022	292	-	292
Less: Disposals in year	(8)	-	(8)
	284	-	284
Revaluations in year	(24)	20	(4)
As at 31 August 2023	260	20	280

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

	2023 £'000	2022 £'000
Fixed asset investments	2,037	2,146
Current asset investments	185	154
	2,222	2,300

There are no individually material investment holdings.

Notes to the financial statements for the year ended 31 August 2023 (continued)

11 Stocks

	Consolidated		School	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Stationery and consumables	39	20	39	20

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

12 Debtors

	Consolidated		School	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fees	2,375	2,416	2,375	2,416
Sundry debtors and prepayments	757	147	265	137
Amounts owed by group undertakings (see below)	-	-	40,595	37,249
	3,132	2,563	43,235	39,802

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts owed by group undertakings: (see above)	-	-	38,729	35,383
Due within one year	-	-		
Loan due after more than one year	-	-	1,866	1,866
	-	-	40,595	37,249

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.

Notes to the financial statements for the year ended 31 August 2023 (continued)

13 Creditors: amounts falling due within one year

	Consolidated		School	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,000	-	2,000	-
Trade creditors	788	777	788	777
Concessionary loans due to subsidiary undertakings	-	-	12,379	11,733
Taxation and social security	85	329	52	311
Other creditors and accruals	655	907	611	425
Refundable deposits	180	180	180	180
Fees invoiced in advance	8,030	7,611	8,030	7,611
	11,738	9,804	24,040	21,037
Advance fees (note 15)	228	228	228	228
	11,966	10,032	24,268	21,265

The School 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 £2.5m 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 is unsecured, interest free and repayable on demand.

14 Final term deposits

	Consolidated		School	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due between 1 and 2 years	186	336	186	336
Due in greater than 2 years	1,124	839	1,124	839
	1,310	1,175	1,310	1,175

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

Notes to the financial statements for the year ended 31 August 2023 (continued)

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:

	2023 £'000	2022 £'000
Consolidated and School		
After 5 years	-	-
Within 2 to 5 years	184	412
Within 1 to 2 years	228	228
	412	640
Within 1 year (note 13)	228	228
	640	868

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

	£'000
As at 1 September 2022	868
New contracts	-
Amounts accrued to contracts	-
Withdrawal from fund	-
	868
Amounts utilised in payment of fees:	
To the School	(228)
As at 31 August 2023	640

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

Notes to the financial statements for the year ended 31 August 2023 (continued)

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	2023 Total £'000	2022 Total £'000
Endowed funds	-	1,429	-	-	1,429	1,448
Restricted funds	1,602	10	-	-	1,612	1,602
Unrestricted funds	28,138	793	(3,292)	(1,958)	23,681	24,785
	29,740	2,232	(3,292)	(1,958)	26,722	27,835

(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	2023 Total £'000	2022 Total £'000
Endowed funds	-	1,429	-	-	1,429	1,448
Restricted funds	763	-	-	-	763	787
Unrestricted funds	1,885	793	23,585	(1,958)	24,305	23,292
	2,648	2,222	23,585	(1,958)	26,497	25,527

Notes to the financial statements for the year ended 31 August 2023 (continued)

17 Funds

(a) Consolidated

	Total 1 September 2022 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Investment gain/(loss) £'000	Total 31 August 2023 £'000
Endowed funds (expendable)						
Olive Willis Bursary and Scholarships fund	1,448	26	(13)	-	(32)	1,429
Restricted funds						
Appeal funds (building projects)	1,368	-	(53)	(24)	-	1,291
Foundation	234	87	-	-	-	321
	1,602	87	(53)	(24)	-	1,612
Unrestricted funds						
Designated funds						
Advance fees	126	12	-	-	20	158
Non-charitable trading						
Funds	-	907	(144)	(763)	-	-
Other unrestricted funds						
Retained income	24,659	23,309	(25,232)	787	-	23,523
Total unrestricted funds	24,785	24,228	(25,376)	24	20	23,681
Total funds	27,835	24,341	(25,442)	-	(12)	26,722

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 £280,000 (2022: £292,000) for the consolidated balance sheet.

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

Notes to the financial statements for the year ended 31 August 2023 (continued)

17 Funds

(b) School

	Total 1 September 2022 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Investment gain/(loss) £'000	Total 31 August 2023 £'000
Endowed funds						
Olive Willis Bursary and Scholarships fund	1,448	26	(13)	-	(32)	1,429
Restricted funds						
Appeal fund (building projects)	787	-	-	(24)	-	763
Unrestricted funds						
Designated funds						
Advance fees	126	12	-	-	20	158
Other unrestricted funds						
Retained income	23,166	23,309	(24,263)	1,935	-	24,147
Total unrestricted funds	23,292	23,321	(24,263)	1,935	20	24,305
Total funds	25,527	23,347	(24,276)	1,911	(12)	26,497

Notes to the financial statements for the year ended 31 August 2023 (continued)

18 Financial commitments

Operating leases

At 31 August 2023 the School, and group, had total commitments for items other than land and buildings under non-cancellable operating leases as follows:

	2023 £'000	2022 £'000
Consolidated		
Less than one year	40	41
1 to 5 years	60	68
Greater than 5 years	-	-
	100	109
School		
Less than one year	39	40
1 to 5 years	60	68
Greater than 5 years	-	-
	99	108

19 Trustees

The Trustees do not receive any remuneration. Expenses reimbursed for travelling undertaken on behalf of the School amounted to £523 (2022: £543).

Notes to the financial statements for the year ended 31 August 2023 (continued)

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 £1,490,000 (2022: £1,390,000).

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% 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.

During the year to 31 August 2023, the school has paid an employer contribution rate of 42.6%. 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 2020. The market value of the Scheme's assets at the valuation date was £201.1m and the value of the liabilities at that date was £256.3m giving a deficit of £55.2m.

The superannuation cost represents contributions payable to the fund and amounted to £49,000 (2022: £46,000).

Notes to the financial statements for the year ended 31 August 2023 (continued)

20 Pensions and pension schemes (continued)

Following consideration of the results of the actuarial valuation in 2020 it was agreed that the shortfall would be dealt with by the payment of deficit contributions of £2.69 million per annum from 1 September 2022 to 30 June 2032. 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. 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 £236,000 (2022 £549,000):

	£'000
Provision as at 1 September 2022	549
Deficit contribution made	(35)
Decrease in provision	(278)
Provision as at 31 August 2023	236

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 £429,000 (2022: £338,000). The balance of contributions payable at the year-end was £50,000 (2022: £48,000).

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 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).

Downe House School owns the entire share capital of subsidiary Downe House International Limited, a company registered in England and Wales (12232441), which owns the entire share capital of Downe House International (Oman) Limited, also registered in England and Wales (12332320).

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 (2021: £646,000) for the year. The results reported below have been consolidated in the group financial statements after making appropriate intra group adjustments.

Notes to the financial statements for the year ended 31 August 2023 (continued)

21 Subsidiary undertakings (continued)

	2023 £'000	2022 £'000
Downe House Trust		
Total incoming resources	646	646
Total resources expended	(2,809)	(1,545)
Net movement in funds	(2,163)	(899)
Total assets	39,482	39,184
Total liabilities	(39,774)	(37,313)
Total funds	(292)	1,871

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.

	2023 £'000	2022 £'000
Downe House Foundation		
Total incoming resources	87	18
Total resources expended	(7)	(3)
Net movement in funds	80	15
Total assets	521	445
Total liabilities	(4)	(8)
Total funds	517	437

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

Notes to the financial statements for the year ended 31 August 2023 (continued)

22 Reconciliation of net (expenses)/income to net cash (outflow)/inflow from operating activities

	2023 £'000	2022 £'000
Net (expenses)/income before transfers	(1,113)	74
Depreciation charges	1,509	1,435
Loss on disposal of fixed assets	218	-
Losses on investments	12	57
Interest payable	99	13
Investment income	(38)	(19)
(Increase)/Decrease in stocks	(19)	-
(Increase)/Decrease in debtors	(569)	1,115
(Decrease)/Increase in creditors	(468)	1,014
Net cash (outflow)/inflow from operating activities	(369)	3,689

23 Cash flows from investing activities

	2023 £'000	2022 £'000
Investment income	38	19
Interest payable	(99)	(13)
Purchase of tangible fixed assets	(1,530)	(1,983)
Receipts from sale of fixed assets	243	-
Purchase of investments	(560)	(513)
Receipts from sale of investments	622	666
Net cash outflow	(1,286)	(1,824)

24 Analysis of changes in net funds during the year

	Cash at bank and in hand less overdraft £'000	Total £'000
Balance as at 1 September 2022	6,658	6,658
Cash flows	(1,155)	(1,155)
Balance as at 31 August 2023	5,503	5,503

Notes to the financial statements for the year ended 31 August 2023 (continued)

25 Reconciliation of net cash flow to movement in net funds

	2023 £'000	2022 £'000
(Decrease)/Increase in cash in the year	(1,155)	2,865
Movement in net funds in year	(1,155)	2,865
Net funds at the beginning of the year	6,658	3,793
Net funds at the end of the year	5,503	6,658

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 2023 was £13 (2022: £13).

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 £153,000 of which £2,000 was outstanding at 31 August 2023 (2022: £79,000, £5,000 outstanding) in respect of legal services in the year ended 31 August 2023 to Farrer & Co. solicitors, where Ms VJ Richards is a Consultant.

The group earned income of £309,000 all of which was outstanding at 31 August 2023 (2022: £125,000, £Nil outstanding) in respect of the use of Chateau de Sauveterre by the Prep Schools Trust, where Mrs E McKendrick is Chair of the Trustees.

Trustees donated a total of £197 (2022 £552) during the year.

Notes to the financial statements for the year ended 31 August 2023 (continued)

28 Comparative Statement of Financial activities for the year ended 31 August 2022

		Unrestricted funds		Restricted	Endowed	Total
	Notes	School £'000	Others £'000	Funds £'000	Funds £'000	2022 £'000
INCOMING RESOURCES						
Donations and legacies		-	-	18	-	18
Other trading activities:						
Trading income		-	462	-	-	462
Premises hire		21	-	-	-	21
Income from investments		3	-	-	16	19
Income from charitable activities:						
School activities		22,809	-	-	-	22,809
Other income:						
Gain on disposal of fixed assets		-	-	-	-	-
Total Income and Endowments		22,833	462	18	16	23,329
RESOURCES EXPENDED						
Expenditure on raising funds:						
Trading expenditure	5	-	(105)	-	-	(105)
Generating voluntary income	5	(145)	-	-	-	(145)
Expenditure on charitable activities						
School activities	5	(21,910)	(916)	(52)	(13)	(22,891)
Governance costs	5	(51)	(6)	-	-	(57)
Total expenditure		(22,106)	(1,027)	(52)	(13)	(23,198)
NET INCOME / (EXPENSES) BEFORE LOSSES ON INVESTMENTS		727	(565)	(34)	3	131
Net losses on investments		-	-	-	(57)	(57)
NET INCOME / (EXPENSES) BEFORE TRANSFERS	4	727	(565)	(34)	(54)	74
Transfers between funds	17	309	(285)	(24)	-	-
NET MOVEMENT IN FUNDS		1,036	(850)	(58)	(54)	74
Total funds brought forward	17	22,256	2,343	1,660	1,502	27,761
TOTAL FUNDS CARRIED FORWARD	17	23,292	1,493	1,602	1,448	27,835