

THE KINGHAM HILL TRUST

**Company No. 00365812
Charity No. 1076618**

**Report and financial statements
for the year ended
31 July 2021**

The Kingham Hill Trust

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The Kingham Hill Trust

Company information

Trustees	Mr S.H.W. Pilcher (Chairman) Mr J.D.B. Anderson, CBE Mr. K.M. Batchelor Mr. N.C.J. Bewes Mr. K.A.M. Edmunds Col. J.W. Lewis The Rev. R. Marsden Mrs. C.M. Pellereau
Secretary	Mr. N.J. Pearson
Registered office	Kingham Hill School Kingham Chipping Norton Oxon OX7 6TH
Auditors	Moore Kingston Smith LLP Chartered Accountants and Registered Auditors Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	Barclays Bank PLC Wytham Court 11 West Way Oxford OX2 0JB National Westminster Bank PLC 1 Town Hall Buildings Bridge Street Banbury Oxon OX16 5JS
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
Investment managers	Investec Wealth & Investment Limited 30 Gresham Street London EC2V 7QN

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021

The Trustees present their report for the year ended 31 July 2021

The Kingham Hill Trust was brought into being and is sustained by the grace of our Heavenly Father, the Almighty God. He brought the work of the Trust into being through Charles Baring-Young and has sustained it through the challenges of many generations of staff and trustees; the Trustees look to Him for direction and provision for the future.

The Kingham Hill Trust is governed by its Memorandum & Articles of Association adopted by Special Resolution on 26 June 1999 which took over the functions and assets and continues the work of the unincorporated charity known as The Kingham Hill Trust which was originally established by a Trust Deed dated 16 December 1912 and amended by subsequent Deeds and Orders of Court. The Kingham Hill Trust is registered as a company limited by guarantee no. 00365812 and as charity no. 1076618. The Trustees are in no doubt that the Trust is a public benefit entity and set out later in this report details of the relevant activities at both Oak Hill College and Kingham Hill School.

Objects and activities

The principal objects of the Trust are:-

- To advance in accordance with the Protestant and Evangelical Faith understood as set out in Article 9.2 of the Articles of Association of the Charity ("the Christian Faith") the physical, mental and spiritual education of children resident in the United Kingdom or elsewhere by helping them to a start in life, especially those children who are in need of a boarding education through deficiencies in their economic, social or family circumstances, or owing to their particular educational or spiritual requirements providing that special regard should be paid to the needs of such children whose parents or guardians are of modest means;
- To train men and women for ordination or other ministries in the Church of England or other Protestant denominations in accordance with the Christian Faith provided that special regard shall be paid to the needs of those of modest means; and
- Otherwise to advance education in accordance with the Christian Faith.

In pursuance of these objects the Trust operates Kingham Hill School, a co-educational boarding school for children aged 11 to 18, and Oak Hill College, an evangelical theological college accredited by the Church of England and also serving other protestant denominations.

Strategic report

Achievements, performance and review of activities

The overall surplus for the year was £948k (2020 - £889k), this being after net investment gains of £769k (2020 losses - £375k). Net funds at the year-end were £39,836k (2020 - £38,888k).

Oak Hill College

In line with the Trust's charitable objectives 36 new students were welcomed to the college in September 2020, 29 at undergraduate level and 7 at postgraduate level (with a further 4 internal postgraduate admissions). These students came from a variety of backgrounds and denominations (Anglican and Independent) and the majority intend to enter full-time Christian ministry in due course. The college also welcomed back 88 returning students giving a student body of 124 in total.

In response to the Covid pandemic, the college's five largest rooms were equipped with audio-visual equipment to enable synchronous teaching in the classroom and on Zoom. The equipment was designed such that students in the room and on Zoom could both see and hear each other throughout each teaching session, and this 'hybrid' system

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

allowed students and staff to migrate between the room and Zoom as necessary (for example, for the purposes of shielding or self-isolation). The college also increased its investment in electronic learning resources during the year to ensure that students could continue their learning regardless of national and local restrictions. The Covid Working Group met throughout the year to monitor the college's internal track and trace system and to review wider developments, and regular updates on case/isolation numbers were submitted to the Department of Health.

September 2020 also saw the launch of the college's re-validated undergraduate programmes (CertHE, DipHE and BA (Hons) Theology); the postgraduate programmes (PGCert, PGDip, MA and the fourth year of the MTheol programme) are scheduled for re-validation in Spring 2022, with the formal launch in September 2022. Throughout the year, the college has sought to build upon and further develop relationships with alumni and sending churches through *Equip* events (one event on depression attracted over 400 attendees); the *School of Theology*; and the *Flexible Learning* programme. Feedback on the latter in particular suggests that the experience has been enriching both for the flexible learners themselves and also for the students alongside whom they are learning. All of these activities will continue on into 2021-22, with a welcome return to in-person delivery (as well as 'hybrid' where appropriate).

In Spring 2021, the college launched the Access Bursary Scheme, designed to provide financial support for prospective students from groups which are currently under-represented within the college community: the long-term goal is to reach 10 part-time and 10 full-time students a year by these means and thereby to foster long-term, sustained growth in the diversity of the student body; at the same time, the college is looking at other adjustments which may be helpful in order to facilitate the most positive learning experience possible for all students - for example, learning skills support and aspects of academic/pastoral care.

There were several changes in personnel during the year. At leadership level, the college said farewell to its College Director (Dr Daniel Strange) who left the college after fifteen years of faithful service to take up a new position. In 2019-20, the college appointed two Acting Vice-Principals (Dr David Shaw and Revd Dr Matthew Sleeman) to work with the President (Revd Johnny Jukes) and Director of Operations & Finance (Mr Grant Farrant) while the College Director was on study leave: both were confirmed as full Vice-Principals in Summer 2021. At Council level, the college welcomed the Revd Rob Hudson, Vicar of St Peter's Harold Wood, and said farewell to the Revd Fiona Gibson (who stood down following her appointment as Archdeacon of Ludlow).

Student feedback continues to be regularly reviewed, and two senior students attend College Council meetings and meetings with members of the Leadership Team to ensure that the student perspective is reflected in both strategic planning and in the day-to-day life of the college. Student feedback on both the formal teaching programmes and campus life has remained positive throughout the year, despite the enormous challenges that Covid has presented: for example, in the 2021 National Student Survey, 100% of respondents recorded overall satisfaction with their programme of study; 95% agreed that they were able to access the resources they needed for their learning; and 94% indicated that they had felt part of a community during the year, which was remarkable given the difficult circumstances.

The college also continues to be regularly monitored and inspected by its degree awarding body, Middlesex University, and by the Church of England. No major concerns have been raised during the reporting period. The Kingham Hill Trust also continues to comply with all of the ongoing conditions of its registration with the Office for Students, and reports regularly on this at meetings of the Finance & General Purposes Committee and the College Council.

In financial terms the operational deficit (before donations) for the year amounted to £582k, which was a 33% improvement from the prior year, which in itself was a 25% improvement from the year before that. Donations exceeded the operational deficit, enabling a surplus of £251k, which results in a stable cash position and reasonably robust reserves.

The college continues to face significant challenges, both because of the ongoing effects of the Covid pandemic, and also because of changing demands and competition in theological training. However, the college remains very grateful to

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

God, to its generous supporters, and to the students and staff for the way in which the college and its community have been able to operate during this challenging period; the college remains committed to providing the very best formation and learning experience that it can for the next generation of students.

Kingham Hill School

The School experienced a small drop in pupil numbers, largely due to Covid related travel restrictions, however this is viewed to be short term, as the school remains educationally and pastorally strong, with highly rated online teaching generating very good academic results. Despite the government restrictions that have been in force, the school continues to offer a broad range of stimulating and enriching extra-curricular sport and activities, which have been supported by the extensive school grounds and onsite facilities.

In September 2020 pupils at the school numbered over 325 including international students, the majority of the latter coming from China, America and Germany. The school continues to draw its entry from a wide range and number of schools but with a steady feed derived from a small number of local primary and preparatory schools, with which close relationships are fostered. The School has remained a majority boarding school despite a sector-wide reduction in boarders, partially through the ongoing support of UK and US military families.

The Sports Centre which opened in early 2020, has provided great benefit to pupils throughout the lockdown periods, however commercial income generation during the shutdown of the leisure industry was limited. Additionally, wider rental income achieved through residential hires has fallen substantially due to the pandemic.

During the second Covid lockdown the School provided an excellent education to pupils, with roughly 20 pupils residing on site throughout the shutdown, due to travel restrictions and key worker requirements. This was very well received by pupils and parents and assisted many in maintaining their own employment. The School is well versed in operating with Covid restrictions in place, should the need to employ these in the coming winter prevail.

Facilities development continued throughout the year, albeit on a smaller scale than in many years, with works beginning to refurbish the Sixth Form facilities and the upgrade of performing arts facilities.

The Christian ethos of the School remains central in all it does and says. Attendance by pupils at Chapel and the provision of other Christian groups fulfils the Founder's vision and the requirements of the Trust, and the School gladly teaches British Values.

The Public Benefit offered by the school is noteworthy. Fee concessions with means testing are available, as are bursaries; these together amounted to £656k (2020 - £718k). The Founder's Pupils scheme also fulfils the Founder's vision by providing a boarding education to pupils from a disadvantaged background and who would benefit greatly from a Kingham education. Kingham Hill School Leisure enables the use of the School's facilities by members of the local community and the facilities are used by a wide range of local groups and schools. The School's Community Service programme involves pupils serving the community in a variety of ways.

The support staff remain a valuable part of the School community, serving it faithfully and efficiently. The School is up to date with all regulatory and compliance requirements. The Annual Review of Safeguarding was received and approved by the Governing Body. The School has provided a counselling service which has been effectively and helpfully used by the pupils.

The compulsory closure of the School in March and the move to Virtual Kingham resulted in rebates being given; these amounted to over £299k. Such rebates and a marked reduction in enterprise and lettings activities, due to Government regulations, resulted in a loss of revenue of some £356k although this was partly offset by £230k from the Government

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

furloughing scheme. This was the first year that loan repayments for the sports centre were made, with £209k repaid and £104k of interest charged to revenue.

The Covid pandemic has created more challenges and uncertainties for independent fee paying schools and especially majority-boarded schools. The School faces considerable challenges and needs to continue to work hard to provide excellent value for money, while all the time keeping costs down and to market itself imaginatively and well.

The Trustees continue to pray for the College President, the Rev. Jonathan Jukes, and the Headmaster of the School, the Rev. Nick Seward, and for the staff who serve alongside them as well as for the Chairman of the College Council, the Chairman of the School Governors and their respective teams.

Systems for measuring key performance indicators are in operation at both School and College. They include: performance against financial targets, compliance, academic standards, high quality of teaching, admissions, and staff development. Reports are presented to every meeting of both School Governors and College Council.

Reserves

The reserves held by the Trust are set out in detail in Note 26 to the financial statements. At 31 July 2021 the Trust had free reserves of £10,710k (2020 - £9,211k); these are largely represented by the Trust's listed investments and investment cash valued at £7,995k (2020 - £7,144k) which are held primarily for the purposes of generating income and to provide a financial backstop in the event of adverse events at either School or College. Operational deficits and the ability to respond to unexpected occurrences are funded by drawdowns of capital from the investment portfolio.

Trustees decided in 2009 to set a policy limit on the investment drawdown of 5% p.a. At the time it was recognised that difficulties at both College and School might entail this limit being exceeded in the short term by quite substantial margins. In 2019 the drawdown was 2.11% (2019 - 1.26%). Covid resulted in a reduction in pupil numbers at the school and thus reduced resources for investment. The Trustees agreed to provide funding of up to £500k for capital expenditure and revenue enhancing projects, £71k of which was spent in the year. It is anticipated that a further £348k will be spent in 2021/22 which, with other normal expenditure, will result in a drawdown of 5.35%.

Under the Memorandum of Association, the Trustees are permitted to use capital as well as revenue reserves to fund any shortfalls of net income. They may also accumulate reserves in order to permit growth of the investment portfolio and to fund capital expenditure.

The Trustees recognise the need to maintain and enhance the value of the investment portfolio in real terms in order to provide on-going capital requirements from time to time. As prudent Trustees, they have indicated the need to conserve and develop capital in the short term and avoid significant calls on capital. There is an established, rolling and tightly controlled programme of refurbishing the boarding houses at the School. The Trust does not support or allow capital developments to progress without the required funding being in place.

The Trustees decided that it would be appropriate to build towards free central reserves (i.e. excluding those used by School and College) of £8m, represented by an investment portfolio of equal amount. Using conservative rates of return, in the absence of any further benefactions and in the expectation that further investment in both School and College will be necessary, Trustees expect their target to be achieved over the next two to three years.

Investec Wealth and Investment Ltd now has management over the whole of the Trust's investment portfolio, the one holding held by the previous investment manager, Ruffer LLP, having been liquidated. Trustees are thankful to see the growth in the portfolio which at the year end, including investment cash, stood at £7,995k.

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

Principal risks and uncertainties

The Trustees are required to produce a statement of policy on risk identification and management, and this has been done to an established standard. To support this action the Trustees follow a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Trust faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. This process is monitored by the Trustees annually.

The separate nature of School and College means that each has its own risk register which is reviewed annually by the Board of Governors or College Council with the appropriate report going to Trustees.

Apart from the previously mentioned reserves policy, Trustees review the investment policy annually. Both School and College continue to develop and update policies relevant to their spheres of operation; they include safeguarding, health and safety, whistle blowing and anti-bribery.

For the School the principal risks are considered to be the lack of unrestricted income and adverse publicity. The former is being addressed by tight control of both capital and revenue expenditure so that reserves can be replenished. There are also the Trust's free reserves which could be used in part to support the School. Adverse publicity is carefully monitored by Trustees, supported by the marketing departments, with insurers providing PR advice in the event of a particular issue. The Critical Incident Plan has measures to manage adverse publicity.

At the College the principal risks are perceived to be ceasing to be a preferred Church of England training institution and the financial dependency on a very few major donors. For the former, the College President maintains a regular dialogue with the relevant officers within the National Church and a report of his activity in this field is a standing item for his report to Council. Strenuous efforts are being made to broaden the financial supporter base. Progress will be monitored against the strategic plan.

The pandemic has shown both how easily and quickly substantial deficits can be incurred and the importance of tight financial controls.

Governance

The Trustees regularly review the activities of the College and the School in relation to the terms of the Trust, paying close attention to the Founder's intentions, working together to keep both the College and the School loyal to his wishes. Both institutions clearly continue to carry out the Objects of the Trust and the Trustees are constantly seeking ways for them to operate in an increasingly effective and relevant way. To this end, work is continuing on major strategic reviews at both College and School. Trustees also review the overall governance of the Trust and a major external review of governance has been completed. Implementation of the report's recommendations was delayed by Covid restrictions but will be progressed in the current year.

Trustees are recruited typically after having served as members of the College Council or of the School Board of Governors. Prospective Trustees will generally have served on one or more of the various establishments' sub-committees, and therefore already have good background knowledge of the charity's activities.

Trustees have met formally four times in the year, either online or in person, and there will in future continue to be at least three meetings each year. New or prospective trustees are supplied with copies of the Trust's Memorandum and Articles of Association, a history of the Trust, the previous year's financial statements and any further information they particularly request. Trustees are made aware of available training opportunities and are encouraged to develop their governance skills by attending appropriate courses.

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

The Trust employs various professional organisations to ensure that processes, procedures and policies are developed which reflect the ever changing statutory environment in which charities must operate. Trustees are supplied with information relating to these necessary changes on a regular basis.

The Trustees have delegated responsibility for most of the operational requirements to the Council of the College and Board of Governors of the School, with regular reporting requirements to enable the Trustees to continue their oversight and responsibilities. The School Governors, and the College Council are served by their own Finance & General Purposes committees and Trustees are supplied with minutes of all meetings of the College Council, the School Board of Governors, their related Finance and General Purposes Committees and all other sub-committees.

The Executive Committee is comprised of the School-based Trustees and a Governor (who is not a Trustee) was set up in April 2020 has continued to meet as necessary.

The salaries of the senior management personnel at both School and College are subject to scrutiny by the relevant Finance & General Purposes Committee, acting as the Remuneration Committees. At Oak Hill College salaries are set with reference to the Church of England standard Lichfield scale, enhanced for additional duties. At Kingham Hill School salaries are determined by comparison with pay at other local independent schools, again enhanced for additional levels of responsibility,

At both School and College safe guarding is taken very seriously. Both institutions have an appropriate safeguarding policy and at the School no offer of employment is made without clearance from the Disclosure and Barring Service. Both institutions also have an appropriate complaints policy.

Trustees' responsibilities for the financial statements

The Trustees (who are also directors of The Kingham Hill Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting principles and applied them consistently;
- comply with applicable accounting standards including FRS 102, subject to any material departures therefrom being disclosed and explained in the financial statements;
- made judgments and estimates that are reasonable and prudent;
- state whether a Statement of Recommended Practice (SORP) applies and has 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the Trust's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

Public Benefit

The Trustees regularly review all the activities of the Trust and consider how these contribute to the aims and objectives set by the charity's objects and confirm that they have complied with the duty in s.17 Charities Act 2011 by referencing their review to the Charity Commission's published guidance on public benefit under that Act. The Trustees are bound by the terms of the Trust to ensure that all the Trust's activities clearly express the evangelical Christian convictions of the Founder.

Oak Hill College and Kingham Hill School are both educational establishments, but are quite different from each other. The public benefit is therefore expressed in ways which reflect both the similarities and the differences. For the College, Trustees set out a broad vision of public benefit while for the School the focus is on specific projects within the local community, without including the longer term wider public benefit provided by former pupils serving their communities once they have left the School.

The College provides public benefit by: advancing religion through providing ministers who have been taught to a high level in one of the UK's major religious traditions, including in areas pertaining to public concern such as safeguarding and the protection of at-risk individuals and; by advancing education through providing ministers to serve their local communities (many of which are disadvantaged) who have been taught to a tertiary level of education.

The School provides public benefit both to the local community and others by advancing both religion and education. It does so through:

- the provision of bursaries which in 2021 amounted to £656k (2020: £718k).
- the Founder's Pupils programme which provides assistance to pupils who would benefit from a boarding education, as envisaged by Charles Baring Young, the Trust's founder.
- providing curriculum enrichment for a number of local schools through invitations to School enrichments weeks activities, a local choir competition and a series of science, art, music and modern foreign language events
- Kingham Hill School community service programme whereby pupils take part in weekly activities such as helping the elderly, litter clearance and other projects.
- Kingham Hill School Leisure (KHL) enables the use of the school swimming pool and gym. Raffle prizes of KHL membership are regularly given to local schools and community events.
- Fee concessions of 15% of fee income are provided (means tested 8.7% and 6.3% non-means tested) as a public benefit to the wider community.
- Loan of school vehicles to local charities.
- Use of the School site by the Oxfordshire Lowland Search and Rescue team.

Fundraising

The Trust does not use the services of a professional fundraiser. Fundraising requests are limited to alumni of school and college, to specific trusts and, to churches with a similar Christian ethos to that of the Trust; there has not been any fundraising from the general public. No complaint has been received about the Trust's fundraising efforts and Trust development staff work within The Code of Fundraising Practice.

The Trust is mindful of the need to protect vulnerable people and others from unreasonable intrusion on privacy, from persistent approaches or undue pressure to give. Accordingly, communications are only made with those people who have opted in to receive them.

The Kingham Hill Trust

Report of the trustees for the year ended 31 July 2021 (continued)

Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year

Audit information

So far as each of the trustees at the time the trustees' report is approved is aware:

- a. there is no relevant information of which the auditors are unaware; and
- b. They have taken all relevant steps 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.

This annual report was approved by the Trustees of the charity on 25 November 2020. The Strategic report, which forms part of the Report of the Trustees, is approved by the Trustees in their capacity as directors in Company Law of the charity.



S.H.W. Pilcher (Chairman of Trustees)

24 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KINGHAM HILL TRUST

Opinion

We have audited the financial statements of The Kingham Hill Trust ('the company') for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

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

Responsibilities of trustees

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

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

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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 the 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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Date 25/1/22

Luke Holt (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

The Kingham Hill Trust

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 July 2021

	Note	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income					
Donations	2	858	184	1,042	2,103
Income from charitable activities	3	8,455	-	8,455	9,031
Income from other trading activities	4	1,139	-	1,139	1,156
Government grants		244	-	244	258
Investment income	5	166	1	167	192
Total income		10,862	185	11,047	12,740
Expenditure					
Cost of raising funds	6	140	-	140	148
Expenditure on charitable activities	7	10,673	55	10,728	11,328
Total expenditure		10,813	55	10,868	11,476
Total income less total expenditure		49	130	179	1,264
Net investment (losses)/gains	14	769	-	769	(375)
Net income for the year		818	130	948	889
Transfers	26	101	(101)	-	-
Net movement in funds for the year		919	29	948	889
Reconciliation of funds					
Total funds brought forward	26	38,401	487	38,888	37,999
Total funds carried forward	26	39,320	516	39,836	38,888

All activities are continuing operations of the Trust. There were no recognised gains or losses during the year other than those reported above.

The Kingham Hill Trust

Statement of financial position as at 31 July 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	13		35,484		36,483
Investments:	14		7,995		7,144
			43,479		43,627
Current assets					
Stock	15	18		22	
Debtors	16	449		456	
Cash at bank and in hand		2,876		1,854	
		3,343		2,332	
Creditors: amounts falling due within one year	17	(2,097)		(1,829)	
Net current liabilities			1,246		503
Total assets less current liabilities			44,725		44,130
Creditors: amounts falling due after more than one year	18		(4,679)		(4,981)
Provision for liabilities	19		(210)		(261)
Net assets			39,836		38,888
Reserves					
Unrestricted income funds	26		39,320		38,401
Restricted income funds	26		516		487
Total charity funds			39,836		38,888

Company Registration Number: 00365812

The financial statements were approved by the trustees and authorised for issue on 24 November 2021 and signed on their behalf by:



S.H.W. Pilcher
Trustee



N.C.J. Bewes
Trustee

The Kingham Hill Trust

Statement of cash flows for the year ended 31 July 2021

Reconciliation of net income for the year to net cash flows from operating activities

	2021 £'000	2020 £'000
Net income for the year	179	1,264
Depreciation	1,396	1,492
Loss on sale of tangible fixed assets	-	11
Decrease/(increase) in stock	4	3
Decrease/(increase) in debtors	5	125
(Decrease)/Increase in creditors	182	(1,126)
(increase)/decrease in provision	(51)	(100)
Return on investments	(167)	(192)
Net cash inflow from operating activities	1,548	1,477

Cash flows from investing activities

Dividends and interest received	169	187
Purchases of tangible fixed assets	(397)	(2,699)
Sale proceeds of tangible fixed assets	-	4
Purchases of fixed asset investments	(597)	(1,602)
Sales of fixed asset Investments	932	1,738
Net cash inflow/(outflow) from investing activities	107	(2,372)

Cash flows from financing activities

Proceeds from bank loan	-	2,411
Repayment of bank loan	(209)	-
Repayment of finance lease funding	(7)	(7)
Net cash (outflow)/inflow from financing activities	(216)	2,404

Change in cash and cash equivalents in the reporting period

	1,439	1,509
Cash and cash equivalents at the beginning of the reporting period	3,149	1,640

Cash and cash equivalents at the end of the reporting period

	4,588	3,149
Cash and cash equivalents consist of:		
Investment cash	1,712	1,295
Cash	2,876	1,854
	4,588	3,149

Analysis of changes in net debt

	At 01/08/20 £'000	Cashflows £'000	Non-cash £'000	At 31/07/21 £'000
Cash	3,149	1,439	-	4,588
Loans due within one year	(222)	-	(111)	(333)
Loans due after more than one year	(4,778)	320	111	(4,347)
Finance lease obligations	(24)	7	-	(17)
	(1,875)	1,766	-	(109)

The Kingham Hill Trust

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

1 Accounting policies

Basis of accounting

The Trust is a charitable company, incorporated in England and Wales and limited by guarantee. The financial statements are prepared in accordance with: FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102), the Companies Act 2006 and other applicable accounting standards in the UK. As the Trust is a public benefit entity as defined by FRS 102 the accounts have also been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (FRS 102 SORP) and the Charities Act 2011.

The financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets. The Trustees have assessed whether the use of the going concern basis is appropriate, especially in the light of the continuing pandemic, and have considered various scenarios which might cast doubt on the ability of the Trust to continue as a going concern. Such scenarios have included significantly fewer pupils and students, the effect that virtual tuition might have on product quality, and the impact of a reduction in donations received. Trustees have made these assessments for a period of at least one year from the date of approval of the financial statements and have considered forecasts and projections. In addition, the bank loan is subject to certain covenants, regularly reviewed, and the repayment terms are set out in Note 23. The bank has waived certain covenants for the year under review and postponed covenant calculations until July 2022. The results of their enquiries and the very positive reaction to the implementation of virtual tuition have allowed Trustees to conclude that there is a reasonable expectation that the Trust has adequate resources to continue in operation for the foreseeable future and that, accordingly, it is appropriate to continue to adopt the going concern basis in the preparation of the Trust's financial statements. Trustees have also ensured that, as at the date of the signing-off of the accounts, there are no material uncertainties which need to be reflected within these accounts.

The accounts are prepared in sterling which is the functional currency of the company, rounded to the nearest thousand pounds. The principal accounting policies which have been applied consistently throughout the year are set out below. All activities which are included in the "Statement of financial activities" relate to continuing operations.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rates ruling on the date of each transaction. The value of investments and cash deposits awaiting investment are translated at the rates ruling at the end of the accounting period.

Income

Income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Income from charitable activities represents fees invoiced to third parties for tuition and similar educational activities. They are stated net of bursaries and other fee remissions provided out of the Trust's unrestricted funds, which are disclosed elsewhere in the notes to the financial statements, but include fee bursaries provided from restricted funds.

Income from other trading activities includes rent receivable from students and staff together with lettings to third parties.

Investment income represents dividends and interest received during the year on the investment portfolio held by the Trust.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

1 Accounting policies (continued)

Dividends and interest receivable

Dividends and interest are included in the accounts on the basis of the date such income is received by the Trust's investment managers with the exception of fixed interest securities where income is accounted for on an accruals basis.

Expenditure

Expenditure is included in the Statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Charitable resources expended are analysed under seven headings. All costs are specifically allocated to one of the categories and no costs are apportioned between them.

Leases

Rentals payable on operating leases are recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Retirement benefits

The costs of retirement benefits provided to employees of the Trust through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The Trust's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable. In addition a liability is recognised as at the date of the Statement of financial position for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The Trust makes normal contributions on behalf of the teachers at Kingham Hill School to the Department of Education and Employment Teachers Pension Agency. The scheme is a defined benefit scheme and the contributions are charged as an unrestricted expense in the Trust's accounts as they fall due for payment.

Taxation

The Trust, being a registered charity, is exempt from taxation on its income and capital gains to the extent that they are applied for charitable purposes.

Tangible fixed assets and depreciation

All tangible fixed assets held by the Trust are for charitable purposes and are shown in the Statement of financial position at cost or valuation less accumulated depreciation. All assets costing more than £1,000 are capitalised, those costing less being written off in the year of acquisition unless they form part of a larger project.

The Trust has adopted the transitional provisions of FRS 15 "Tangible fixed assets" and has not updated the last valuation of freehold land and buildings. Freehold land and buildings are stated at professional valuation using the depreciated replacement cost or open market value based at 31 July 1999. Expenditure from that date has been capitalised at cost, including, where appropriate interest and other borrowing costs incurred up to the date of practical completion.

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Upon completion, new buildings are depreciated to write off the cost over 50 years unless otherwise stated. Buildings are depreciated over 50 years or the period of the lease (if shorter). No depreciation is provided on freehold land. Additions to buildings are depreciated over 50 years.

The principal annual rates used for other assets are:

I.T. equipment	33.33%
Equipment, fixtures and fittings	15%
Motor vehicles	25%
Other machinery	25%

Assets which reach the end of their estimated useful lives are generally scrapped and therefore removed from the fixed asset register.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

Accounting policies (continued)

Listed investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the accounting period.

Stock

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on the estimated sales price.

Cash and cash equivalents

These include cash at banks and in hand and short term deposits with a maturity date of three months or less.

Financial assets

The Company has elected to apply the provisions of FRS 102 Section 11 'Basic financial instruments' and Section 12 'Other financial instruments' issues to all of its financial instruments.

Financial assets are recognised in the company's Statement of financial position when the company becomes party to the contractual provisions of the instrument. They are classified into specified categories; the classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Interest is recognised by applying the effective interest rate except for short term receivables where the recognition of interest would be immaterial. The effective interest rate is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at the end of each accounting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected with the impairment being recognised in profit or loss.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

1 Accounting policies (continued)

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis. The effective yield basis is a method of calculating the amortised costs of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. Financial liabilities are derecognised when and only when the company's obligations are discharged, cancelled or reach expiration.

Fund accounting

Funds held by the charity are either:

Unrestricted funds

These are funds which can be used in accordance with the Trust's objects at the discretion of the trustees. Such funds include both Capital and Revaluation reserves, the combined amount of which represents the Trust's investment in land and buildings; these monies are not available to support operating activities or:

Restricted funds

These funds represent monies given to the Trust for specific purposes. They include benefactions for future development at both Oak Hill College and Kingham Hill School, a bursary fund to assist students at the College and funds to support certain educational activities at both College and School.

Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the revision occurs, should only affect that period, or in the period in which the revision occurs and future periods if relevant. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Useful economic lives

The annual depreciation charge for buildings, plant, fixtures, and motor vehicles is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation, and the physical condition of the assets. Note 13 gives the carrying amount of the relevant assets and Note 1 details the useful economic life for each class of asset.

Recoverable value of fee debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Note 16 gives details of the net carrying amount of debtors and the associated impairment provision.

Analysis of pupil deposits

Deposits held in respect of pupils in Years 7 to 9 are presumed to be repayable after more than one year while deposits held for pupils in subsequent years are treated as being repayable within one year.

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense.

The cost of any untaken holiday entitlements are recognised in the period in which the employees' services are received.

Termination benefits are recognised immediately as an expense once the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

1 Accounting policies (continued)

Provisions

Provisions have been made for post-employment benefits. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period in which such determination is made.

		2021 £'000	2020 £'000
2 Donations	Note		
Restricted to development	8/9	1	3
Restricted to bursaries	8/9	66	78
Restricted to educational purposes	8/9	117	100
Unrestricted	8/9	858	1,922
		<u>1,042</u>	<u>2,103</u>
3 Income from charitable activities			
Kingham Hill School	8	7,220	7,703
Oak Hill College	9	1,235	1,328
		<u>8,455</u>	<u>9,031</u>
4 Income from other trading activities			
Kingham Hill School	8	256	375
Kingham Hill School restricted	8	-	-
Oak Hill College	9	883	781
		<u>1,139</u>	<u>1,156</u>
5 Investment income			
Income from listed investments		166	188
Restricted interest receivable	8/9	1	2
Unrestricted interest receivable	8/9	-	2
		<u>167</u>	<u>192</u>
6 Cost of raising funds			
Development office			
Kingham Hill School	8	110	117
Oak Hill College	9	-	-
Investment management fees		30	31
		<u>140</u>	<u>148</u>
7 Expenditure on charitable activities			
Kingham Hill School unrestricted	8	7,875	8,162
Kingham Hill School restricted	8	55	92
Oak Hill College unrestricted	9	2,738	2,975
Oak Hill College restricted	9	-	-
Governance administration costs		60	99
		<u>10,728</u>	<u>11,328</u>

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

	2021 £'000	2020 £'000
8 Kingham Hill School		
Income		
Fees	7,876	8,421
Less: Bursaries & concessions	(656)	(718)
	<u>7,220</u>	<u>7,703</u>
Rental income	133	241
Investment income	-	2
Restricted donations	87	157
Unrestricted donations	100	-
Restricted other income	-	-
Government grants	230	218
Unrestricted other income	<u>198</u>	<u>134</u>
Total income	<u>7,968</u>	<u>8,455</u>
Expenditure		
Cost of generating funds		
Development	<u>110</u>	<u>117</u>
Charitable expenditure		
Academic	3,563	3,650
Restricted academic	55	92
Administrative	747	754
Marketing	99	107
Transport	187	157
Premises	1,114	1,142
Leisure Centre	83	106
Catering	567	530
Domestic	363	359
Depreciation	876	835
Loan interest	104	86
Other	<u>172</u>	<u>436</u>
Total charitable expenditure	<u>7,930</u>	<u>8,254</u>
Total expenditure	<u>8,040</u>	<u>8,371</u>
Total income income less total expenditure	(72)	84
Transfers	-	-
Net movement in funds	<u>(72)</u>	<u>84</u>
Net assets of Kingham Hill School	<u>12,997</u>	<u>13,105</u>

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

	2021 £'000	2020 £'000
9 Oak Hill College		
Income		
Student fees	1,195	1,277
Less: Bursaries	(23)	(11)
	<u>1,172</u>	<u>1,266</u>
Rental income	870	752
Restricted donations	97	24
Unrestricted donations	758	1,922
Restricted investment income	1	2
Unrestricted investment income	1	1
Government grants	14	40
Joint appointments	63	62
Other income	13	29
	<u>2,989</u>	<u>4,098</u>
Total income		
Expenditure		
Cost of raising funds		
Development costs	-	-
Charitable expenditure		
Academic costs	935	879
Restricted academic costs	-	-
Administrative costs	491	571
Marketing costs	154	229
Catering costs	40	149
Household costs	73	75
Premises costs	525	471
Depreciation	520	601
	<u>2,738</u>	<u>2,975</u>
Total charitable expenditure		
	<u>2,738</u>	<u>2,975</u>
Total expenditure		
Total income less total expenditure	251	1,123
Transfers	-	-
	<u>251</u>	<u>1,123</u>
Net movement in funds		
Net assets of Oak Hill College	<u>19,092</u>	<u>18,840</u>

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

10 Auditors' remuneration	2021 £'000	2020 £'000
Auditors' remuneration		
Audit fees	36	35
Other advice	-	34
Previous year overprovision	(5)	-
	<hr/>	<hr/>
Total auditors' remuneration	31	69
	<hr/>	<hr/>
11 Employees and payroll	2021 No.	2020 No.
Average monthly number of employees:		
Kingham Hill School	155	177
Oak Hill College	42	70
Governance	1	1
	<hr/>	<hr/>
	198	248
	<hr/>	<hr/>
	2021 £'000	2020 £'000
Staff costs:		
Wages and salaries	4,738	4,915
Social security costs	427	454
Other pension costs	670	690
	<hr/>	<hr/>
	5,835	6,059
	<hr/>	<hr/>
Other pension costs comprise	2021 £'000	2020 £'000
Defined benefit schemes	374	532
Defined contribution scheme	296	158
	<hr/>	<hr/>
	670	690
	<hr/>	<hr/>

Two employees earned more than £60k during the accounting period (2020: 2), one in the band £90k - £100k (2020: £80k - £90k) and one in the band £60k - £70k (2020: 1).

One of the above employees is a member of a defined benefit pension scheme into which the Trust made contributions on the employee's behalf. During the year £20k (2020 - £20k) was paid by the employer into the scheme.

Key management personnel include the Trustees and members of the senior management teams. The Trustees received no remuneration during the accounting period (2020: £Nil). There were 14 members of the senior management teams during the year (2020: 12) whose aggregate pay and benefits amounted £786k (2020: £692k). Employer's NIC relating to the senior management teams amounted to £85k (2020 - £78k) and employer's pension contributions for the senior management teams were £139k (2020: £140k).

There were 6 (2020: 6) members of the senior management teams who were provided with rent-free accommodation in order to enable them to undertake specific duties at both school and college.

Termination payments of £123k (2020: £44k) were made during the year.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

11 Employees and pension costs (continued)

Pension schemes

Certain employees are members of one of three different defined benefit schemes. Clergy are members of the Church of England Funded Pension Scheme, teachers are members of the Teachers' Pension Scheme, and certain other employees are members of the Church of England Defined Benefits Scheme Section of the Church Workers' Pension Fund.

Teachers' Pension Scheme (TPS)

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £445k (2020 - £412k) and at the year-end £35k (2020 - £49k) was accrued in respect of contributions to this scheme.

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

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

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

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

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. The consultation closed to responses on 19 August 2021 and the government is currently analysing the responses.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

11 Employees and pension costs (continued)

In view of the above rulings and decisions the assumptions used in the 31 March 2016 actuarial valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results to those contained in the actuarial valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Church of England Funded Pension Scheme (CEFPS)

Oak Hill College and Kingham Hill School participate in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the responsible bodies. Each participating responsible body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific responsible body and also that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £50k, 2020: £49k) plus the figures shown in the table on the next page as being recognised in the SoFA, giving a total charge of £51k for 2021 (2020 charge: £17k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, an allocation of 100% to return-seeking assets.
- an average discount rate of 3.2% pa
- RPI inflation of 3.4% pa (and pension increases consistent with this);
- increase in pensionable stipends of 3.4% pa; and
- mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

11 Employees and pension costs (continued)

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions rates (as a percentage of pensionable stipends) are as set out below:

% of pensionable stipends	01/01/21 to 31/12/22	01/01/18 to 31/12/20
Deficit repair contributions	7.1%	11.9%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time was 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 2020 the deficit recovery contributions under the recovery plan in force were as set out above. For senior office holder, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and 2021 is set out in the table below.

	2021 £'000	2020 £'000
Balance sheet liability at 1 August	31	97
Deficit contributions paid	(15)	(15)
Interest cost (recognised in SoFA)	-	2
Remaining change* (recognised in SoFA)	2	(53)
Balance sheet liability at 31 July	18	31

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2021	2020	2019
Discount rate pa	0.2%	1.1%	2.1%
Price inflation pa	3.1%	2.8%	3.1%
Increase to total pensionable payroll pa	1.6%	1.3%	1.6%

The legal structure of the scheme is such that if another responsible body fails, the Trust could become responsible for paying a share of that responsible body's pension liabilities.

Church Workers Pension Fund (CWPF)

Oak Hill College (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the responsible body and the other responsible bodies.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating responsible body as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between responsible bodies, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from responsible bodies' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

11 Employees and pension costs (continued)

The scheme is a multi-employer scheme as described in S.28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £15k, 2020: £22k) plus any impact of deficit contributions (see below), giving a total credit for 2021 of £23k (2020 credit: £12k)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and this was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 43.5% of pensionable salary and expenses of £3,300 per year. In addition deficit payments of £46k pa have been agreed for 7 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021 £'000	2020 £'000
Balance sheet liability at 1 August	230	264
Deficit contributions paid	(46)	(46)
Interest cost (recognised in SoFA)	3	5
Remaining charge* (recognised in SoFA)	5	7
Balance sheet liability at 31 July	<u>192</u>	<u>230</u>

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	2021	2020	2019
Discount rate	1.3%	2.1%	1.0%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

The next valuation of the scheme is currently being carried out as at 31 December 2019.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

12 Transactions involving trustees and related parties

Travel, subsistence and training expenditure paid on behalf of or reimbursed to trustees amounted to £Nil (2020 - £1k to five trustees).

Total aggregated donations received from Trustees and related parties during the accounting period amounted to £600k (2020: £563k). This amount disclosed is gross of Gift Aid received on the donations of £95k (2020: £113k).

13 Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
Cost or valuation	£'000	£'000	£'000	£'000
At 1 August 2020	41,043	5,956	241	47,240
Additions	17	380	-	397
Disposals	-	(158)	-	(158)
At 31 July 2021	41,060	6,178	241	47,479
Depreciation				
At 1 August 2020	6,464	4,083	210	10,757
Charged for the year	597	773	26	1,396
Released on disposal	-	(158)	-	(158)
At 31 July 2021	7,061	4,698	236	11,995
Net book value				
At 31 July 2021	33,999	1,480	5	35,484
At 31 July 2020	34,579	1,873	31	36,483

The net carrying value of tangible fixed assets includes £25k (2020: £30k) in respect of an asset held under a finance lease. The lease is for 5 years from December 2018 with interest at 24.8% and is repayable by 20 quarterly instalments. The depreciation charge in respect of this asset amounted to £5k (2020: £5k)

The freehold land and buildings were revalued at 31 July 1999 on the basis of their depreciated replacement cost and open market value by Weatherall Green and Smith, Chartered Surveyors. As allowed by accounting standards, this valuation has been used as deemed cost going forward and the Trust has not adopted a policy of valuation for its tangible fixed assets.

If the properties had not been revalued they would have been included in the balance sheet at the following amounts:

	£'000
Cost	21,454
Depreciation	(6,684)
Net book value	
At 31 July 2021	14,770
At 31 July 2020	14,831

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

14 Fixed asset investments

Investments (at market value) are represented by:

Fixed interest securities

Managed funds

Equity shares

Cash deposits

2021 £'000	2020 £'000
1,851	1,827
2,490	2,295
1,942	1,727
6,283	5,849
1,712	1,295
7,995	7,144

The portfolio represents the Trust's free central reserves

No individual holding is considered material in the context of the overall portfolio

Analysis of investments held at the year end

UK Investments

Investments outside the UK

5,674	5,322
2,321	1,822
7,995	7,144

Opening balance:

Cost at 1 August 2020

Cumulative unrealised gain at 1 August 2020

Valuation at 1 August 2020

5,614
235
5,849

Movements in the year:

Purchases at cost

Sales at opening market value

Net gain on revaluation

Valuation at 31 July 2021

597
(932)
769
6,283

Closing balance:

Cost at 31 July 2021

Cumulative unrealised gain at 31 July 2021

5,445
838
6,283

15 Stock

Raw materials and consumables

Goods for resale

2021 £'000	2020 £'000
14	19
4	3
18	22

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

16 Debtors

	2021 £'000	2020 £'000
Fees (net of doubtful debts provision)	356	298
Less: provision for doubtful debts	(212)	(180)
	144	118
Prepayments and accrued income	222	244
Other debtors	83	94
	449	456
Provision for doubtful debts		
At 1 August	(180)	(113)
Further provisions	(98)	(138)
Amounts recovered	-	-
Amounts written off	66	71
At 31 July	(212)	(180)

17 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Deposits	383	368
Trade creditors	883	609
Other creditors	221	266
Other taxation and social security	103	181
Bank loan (see Note 23)	333	222
Finance lease funding (see Note 24)	9	8
Accruals and deferred income	165	175
	2,097	1,829

Included in Other creditors above is £30k (2020 - £33k) in respect of the company's defined contribution pension plans.

18 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Deposits received in advance	213	187
Finance lease funding (see Note 24)	8	16
Bank loan (see Note 23)	4,458	4,778
	4,679	4,981

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

19 Provisions for liabilities

	2021 £'000	2020 £'000
At 1 August	261	361
Deficit payments	(61)	(60)
Deficit interest	3	7
Other movement	7	(47)
	<u>210</u>	<u>261</u>
At 31 July		

The provision reflects the Trust's estimated share of the deficits of the Church Workers Pension Scheme and the Church of England Funded Pension Scheme (see Note 11).

20 Analysis of net funds

	Tangible assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Creditors due after one year & provisions £'000	Total £'000
Unrestricted					
Revaluation	16,895	-	-	-	16,895
Capital	11,715	-	-	-	11,715
General	6,874	7,477	1,246	(4,889)	10,708
Restricted					
Oak Hill College	-	347	-	-	347
Kingham Hill School	-	171	-	-	171
	<u>35,484</u>	<u>7,995</u>	<u>1,246</u>	<u>(4,889)</u>	<u>39,836</u>
Net funds					

21 Operating leases

At 31 July 2021 the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2021 £'000	2020 £'000
Motor vehicles and office equipment		
Expiring within one year	60	46
Expiring within two to five years	167	50
	<u>227</u>	<u>96</u>
Lease payments recognised in expenditure	<u>61</u>	<u>52</u>

In September 2015 the Trust entered into an agreement with Biomass Heat Projects Ltd (BHP) for the supply of biomass energy. The Trust granted BHP a 20 year lease at a peppercorn rent over land at Kingham Hill School, upon which BHP constructed a boiler house which contains a biomass boiler and fuel storage. The present value of the building and equipment at the end of the lease cannot be determined and accordingly has not been included in the accounts. At the end of the lease the building and equipment become the property of the Trust.

In December 2015 a Deed of Novation transferred the lease and contract to Aggregated Micro Power (AMO) Heat plc. The contract for the supply of biomass energy is for the same 20 year period as the lease. The price of energy is calculated by a fixed formula which has inflation and the Biomass Fuel index as constituent parts.

The Kingham Hill Trust

Notes to the financial statements for the year ended 31 July 2021 (continued)

22 Post balance sheet events

There were no reportable post balance sheet events.

23 Bank loan

The bank loan is secured under a legal charge over Kingham Hill School and its associated assets. The original loan agreement included fixed thrice annual instalments over the life of the loan at £136k per instalment with the final repayment in January 2034. As the impact of Covid-19 became apparent it was agreed that the first repayment would be postponed from April 2020 until January 2021 with the final instalment due in September 2034. Interest has been charged at 2% p.a. over base rate.

During the year interest of £Nil (2020 - £28k) was charged on the loan and capitalised under 'Assets in course of construction'

The loan is repayable as under:

	2021 £'000	2020 £'000
Within 1 year	333	222
Within 1 - 2 years	666	666
Within 2 - 5 years	1,000	1,000
Over 5 years	2,792	3,112
	<u>4,791</u>	<u>5,000</u>

24 Finance lease

	2021 £'000	2020 £'000
Within 1 year	9	8
Within 1 - 2 years	8	16
Within 2 - 5 years	-	-
Over 5 years	-	-
	<u>17</u>	<u>24</u>

25 Capital commitments

As at 31 July 2021 there were no capital commitments (2020: £Nil).

Notes to the financial statements
for the year ended 31 July 2021 (continued)

	Unrestricted income funds			Restricted income funds			
	Revaluation reserve	Capital reserve	General reserve	Total unrestricted funds	Oak Hill College	Kingham Hill School	Total restricted funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2019	16,895	12,642	8,000	37,537	375	87	37,999
Income	-	-	12,557	12,557	26	157	12,740
Expenditure	-	-	(11,384)	(11,384)	-	(92)	(11,476)
Investment gains/(losses)	-	-	(375)	(375)	-	-	(375)
Transfers (see below)	-	-	413	66	(53)	(13)	-
Depreciation on revalued assets	-	(347)	-	-	-	-	-
Net movement in funds	-	(347)	1,211	864	(27)	52	889
At 31 July 2020	16,895	12,295	9,211	38,401	348	139	38,888

Transfer from Vinham Hill School restricted funds comprised £4k (2020 - £4k) to General reserve for the purchase of additional sports equipment.

The Revaluation and Capital reserves in total reflect the amount of reserves committed to land and buildings. Designated, restricted and endowment funds

The Revaluation and Capital reserves in total reflect the amount of reserves committed to land and buildings. The Oak Hill College restricted income funds are for certain academic costs, the provision of bursaries and future development of the site. In respect of bursaries, £2k (2020: - £2k) was designated, restricted and endowment funds. The Kineham Hill School restricted income funds are for certain educational purposes (Founder's pupils and the provision of additional sports, music and arts equipment) and future