

Registered Charity Number: 1086829
Registered Company Number: 4193948

THE DEAN CLOSE FOUNDATION
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

THE DEAN CLOSE FOUNDATION

CONTENTS FOR THE YEAR ENDED 31 AUGUST 2021

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

	Page
Trustees, officers and advisers	1 - 3
Report of the Trustees	4 – 17
Independent Auditor's Report	18 – 21
Consolidated statement of financial activities	22
Balance sheets	23
Consolidated cash flow statement	24
Notes to the financial statements	25 – 50

THE DEAN CLOSE FOUNDATION

TRUSTEES, OFFICERS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2021

The Directors of the Company, who are referred to throughout these financial statements as the Trustees, are listed below, along with the Members of the Company and the main sub-committee.

President

The Lord Ribeiro

Council of Members

The Rev'd M Allen

The Rev'd S Austen BSc, MA, Dip.Min

*A R Bird, OBE, BA (retired 23 January 2021)

M Bowen

H Bradby BA, MA

S Bullingham MSc, BSc

R Byrd, FCA, FCCA

Mrs K A Carden BA, MPhil

M J Cartwright, BA, FCA

The Rev'd J Chaffey, MA, BA

*Mrs S Clayton

The Rev'd R M Coombs, BSc, MA

Mrs H S L Daltry, BA

B Davies OBE

Mrs R Dick, BA, ACA

*Mrs C Dowler

C S S Drew, MA

J Drew, Meng

I A Duffin, BCom, FCA

Mrs R Eden

S Foster

D Goode, MA, MPhil

J Hall

B Harding, MBA (appointed 23 January 2021)

The Earl of Harrowby, MA, FRICS (retired 23 January 2021)

Dr J Haynes, BM BCh. MA FRCPsych

Mrs T Haynes, BSc (Hons) (appointed 1 April 2021)

*R Hildick-Smith, MEng, CEng, IMechE (appointed 1 April 2021)

Mrs A Hillman, BA (appointed 1 April 2021)

Mrs S L Hirst, BEd

*H J Hodgkins, ACIB (retired 23 January 2021)

S W Holliday, MA (appointed 18 September 2021)

A J Hunt

*The Rev'd Dr J M Holmes, MA, PhD, VetMB, MRCVS

A Judge

*Mrs F Knight BA

R Lewis, BSc

AVM R Lock, CBE, BSc

The Rev'd R Mackay

Mrs A Marsden, BSc MA

P Maynard

G McDonald, B.Comm B. Acc

*D Mullins, BSc, FCA

The Rev'd D J S Munro, MA, MBA (retired 23 January 2021)

Mrs P G Napier

B Nicholas, MA (appointed 1 April 2021)

*Mrs C Pack, MRICS (appointed 23 January 2021)

N Patterson

*M Philip-Sorensen

Mrs K Pinsent

Dr A Porter

*Lord Ribeiro, kt, CBE, FRCS, FRCSEd

THE DEAN CLOSE FOUNDATION

TRUSTEES, OFFICERS AND ADVISERS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Council of Members (continued)

Mrs K Riding, LLB
Dr C Roberts, BA, BM BCh, FRCA
F J Shaw, MA, MSc, CEng, CSci
P Silvester, ACIB, BA
M P Smith, MA
*T Spencer (appointed 23 January 2021)
Mrs J Sykes, BA
*Lt. Col E T Taylor, BA, RA
S Thomas, BA, LLM
S Thomas, BA, LLB
*J Townsend, MA
The Rev'd Canon Dr P R Williams, CStJ, DL
Rt Rev'd Paul Williams

Board of Trustees

S Bullingham, MSc, BSc
Mrs K A Carden, BA., MPhil., (Chairman)
The Rev'd J Chaffey, MA, BA
The Rev'd R M Coombs, BSc, MA
Mrs H S L Daltry, BA
C S S Drew, MA
I A Duffin, BCom, FCA (Vice Chairman) (retired 18 February 2021)
Mrs S L Hirst, BEd
S W Holliday, MA (appointed 18 September 2021)
Mrs A Marsden, BSc, MA
G McDonald, B.Comm B. Acc
Mrs K Riding, LLB (retired 30 April 2021)
M P Smith, MA (appointed Vice Chairman 18 February 2021)
*Lt. Col E T Taylor, BA, RA

Finance & General Purposes Committee

S Bullingham, MSc, BSc
Mrs K A Carden, MPhil, BA
Mrs H Daltry, BA
I A Duffin, BCom, FCA (Treasurer) (retired 18 February 2021)
G McDonald, B.Comm B. Acc
M P Smith, MA (appointed Treasurer 18 February 2021)

* Old Decanian

THE DEAN CLOSE FOUNDATION

TRUSTEES, OFFICERS AND ADVISERS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Status and Administration

The Dean Close Foundation (referred to as the Charity or the Foundation throughout these financial statements) is a registered charitable company that incorporates the charitable institution originally founded in 1886. Its charity number is 1086829, its company number is 04193948, and its Articles of Association were adopted on 4th April 2001 and most recently amended on 28 May 2021. The liability of the Members is limited by guarantee.

Clerk to the Trustees	A P Bowcher MBA, FCIB, DipFS
Treasurer	I A Duffin, BCom, FCA (retired 18 February 2021) M P Smith, MA (appointed 18 February 2021)
Company Secretary	M Madeley
Registered Office and Principal Address	Shelburne Road Cheltenham Gloucestershire, GL51 6HE
Banker	HSBC Bank plc 2 The Promenade Cheltenham Gloucestershire, GL50 1LR
Solicitors	Veale Wasbrough Vizards LLP Narrow Quay House Narrow Quay Bristol, BS1 4QA Harrison Clark Rickerbys Limited Ellenborough House Wellington Street Cheltenham Gloucestershire, GL50 1YD
Independent Auditor	Crowe U.K. LLP 4 th Floor St James House St James Square Cheltenham Gloucestershire, GL50 3PR
Insurer	Zurich Insurance plc The Zurich Centre 3000 Parkway Whiteley Fareham Hampshire, PO15 7JZ Policy No. KSC-252038-7703 (includes Employers' Liability and Public Liability)
Investment Manager	Rathbone Investment Management 1 Curzon Street London, W1J 5FB

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees of The Dean Close Foundation present their Annual Report for the year ended 31st August 2021 under the Charities Act 2011 and the Companies Act 2006, thus including the Directors' Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year.

DIRECTORS' REPORT

COUNCIL AND CHARITY TRUSTEES

Organisation

The Members of the Company, known as the Council, (details as disclosed on pages 1 and 2) are responsible for the election of the Directors, who are referred to throughout this report as the Trustees. The Members also receive the Annual Report and Accounts at the AGM each year. The Foundation's constitution provides for up to fifteen Trustees, drawn from the Council, who retire by rotation after four years and are eligible to serve up to a maximum of three terms of four years.

The Trustees determine the Charity's strategic direction and monitor its operational performance closely, providing the Warden, Bursar, Heads and Senior Management Teams with direction and support as appropriate. The Board meets four times each year. The work of overseeing the implementation of Board policies and decisions is carried out in large part by the Finance and General Purposes Committee (F&GPC) which meets at least six times per year. Specifically, the F&GPC scrutinises all budgets, management and statutory accounts, business plans and major capital proposals, before these are submitted to the Board for approval.

Following the annual review of Governance, it was agreed to retain the existing committee structure.

The other principal Board committees are:

- the Foundation Estates Planning Committee, which meets at least every 2 months to discuss the longer-term strategy for the estate and management of larger capital projects.
- the Curriculum Development Committee, which offers strategic guidance on future academic developments within the Foundation, within and across the schools.
- the Remuneration Committee, which sets the salary and emoluments for the Warden, Bursar, Heads and Senior Management Teams.
- the Nominations Committee, which is responsible for succession planning for both the Council of Members and Board of Trustees.
- the Health and Safety Committee, which meets termly with Board representation.
- the Safeguarding Committee, which meets at least termly with Board representation.
- the Concessions Working Party, which meets at least twice each year to scrutinise policies and resourcing of scholarship and bursary awards and other concessions.
- the Development Committee, which is responsible for fund-raising and other development plans.

The day-to-day leadership and management of the Foundation is delegated to the following:

Warden
Headmaster Dean Close Senior School
Headmaster Dean Close Preparatory School
Headmistress Dean Close Pre-Preparatory School
Acting Headmaster Dean Close St John's School
Headmaster Dean Close St John's School
Headmaster Dean Close Airthrie School
Bursar and Clerk to the Trustees

Mrs E L C Taylor
Mr B Salisbury
Mr P Moss
Dr C A Shelley
Mr J Dobbie (resigned 31 December 2020)
Mr N Thrower (appointed 1 January 2021)
Mr J Dobbie (appointed 5 July 2021)
Mr A P Bowcher

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Charity Governance Code

The Trustees have taken note of the seven principles set out within the Code and recommended practice. Whilst the Charity has not as yet, formally adopted the Code, Trustees apply the Code's recommended practices and more detailed information as to how this has been done is included within this Annual Report.

Stakeholder Engagement and Section 172 (1) Statement

The Trustees, as Directors, must act in accordance with a set of general duties. These duties are detailed in section 172 (1) of the Companies Act 2006 which is summarised as follows:

'A Director of a Company must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company.'

The Trustees consider that they have fulfilled their duties in accordance with section 172(1) of the Companies Act 2006 and have acted in a way in which is most likely to promote the success of the Foundation for the benefit of its stakeholders as a whole in the following ways:

Pupils

Boarding and day pupils alike benefit from the Foundation focussing on individual development and helping to nurture each child's strengths and talents within a caring and secure family environment. Pupils are actively encouraged to offer comments and suggestions on the operation of the Foundation through the School Council and these are considered in decisions made by the Senior Leadership Teams.

The focus on pupil outcomes remained paramount during the enforced closure of the school site and the subsequent move to remote learning, recognising the challenges faced by pupils during this lockdown. Staff worked with individuals and groups of pupils to address any concerns and organised online events designed to maintain social interaction and pupil motivation.

Employees

The Foundation recognises that the qualities and skills of its employees and the commitment of its staff plays a major role in its success. Weekly briefings keep staff informed of school wide matters of interest and there are many opportunities for staff training and development.

Staff wellbeing and emotional health has been a particular area of attention, especially as many staff returned to the workplace in September 2020 following an extended period off site either due to working from home or having been furloughed.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Stakeholder Engagement and Section 172 (1) Statement (continued)

Parents

The Foundation continues to ensure that it is in regular communication and engages with its parent body, and a weekly summary of news and events is emailed to them. Additionally, a number of virtual events during the COVID lockdown period including general updates, assemblies and Speech Day were made available remotely to parents to enable them to feel part of school life. The Foundation also carried out a number of parental surveys, in particular to gain feedback from parents to help further develop its remote learning delivery.

Community

The Foundation is proud of its place within the local community and endeavours to offer support and assistance where possible by making available many of its facilities at below commercial rates. It also invites local schools to participate in specific sports and other events and to share various facilities.

Recruitment and Remuneration of Senior Management

Remuneration is set by the Remuneration Committee, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to the Foundation's success. The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools to ensure that the Foundation remains sensitive to the broader issues of pay and employment conditions elsewhere. The Foundation aims to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of the Foundation's charitable vision and purpose is primarily dependent on its key management personnel and staff costs are the largest element of our charitable expenditure.

Recruitment and Training of Trustees

The Nominations Committee makes recommendations for the appointment of Members and Trustees. Candidates are selected with regard to their availability, eligibility, commitment, specialist skills and Christian standing, and are appointed or otherwise at a General Meeting of the Members. All new Members receive an induction pack of relevant documents outlining their responsibilities and attend an induction workshop conducted by the Chairman, Warden and Bursar, at which the Foundation's organisation and policy are discussed and the responsibilities and duties of Members and Trustees are fully explained. New Trustees also receive induction training provided by either the Foundation's solicitors or an independent external body.

Trustees attend a range of external training days on a schedule kept by the Bursar. Additionally, Trustees receive briefings from the Bursar and one Board meeting per year is primarily devoted to training on governance issues and matters of current concern.

Legal Structure of the Foundation and Definition

The Charity has three wholly-owned non-charitable subsidiaries, Dean Close Services Limited (DCSL), Dean Close Nurseries Limited (DCNL) and Nursery Childcare Services (UK) Limited (NCSL), the latter of which has not traded since 1 September 2017. On 28 April 2020, an application was made to dissolve NCSL and the company was duly dissolved on 6 October 2020. The results of the subsidiaries are included in Note 3 of the Financial Statements.

The annual profits of all subsidiaries are donated to the Foundation under the Gift Aid Scheme. The trading activities of the subsidiaries comprise letting of the Foundation facilities when not in use by the Foundation, the provision of courses, revenue from the Foundation shops and the operation of nurseries. The subsidiaries' aims, objectives and achievements are covered in the relevant sections of this report.

When this report refers to 'Group', it means the combined finances of the Charity (The Dean Close Foundation) and its three subsidiaries, DCSL and DCNL and NCSL.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

OBJECTS, AIMS AND OBJECTIVES

When reviewing the aims and objectives of the Foundation and in planning its future activities the Trustees consider, in particular, its charitable objectives and Strategic Plan.

Charitable Objects

The Charity's Objects, as set out in its Articles, are the advancement of education, including the provision of schooling for children based firmly upon Christian evangelical principles and the provision of assistance with the resources available to the Foundation for the education of children with parents of limited resources. The Charity also has various restricted reserves enabling it to award modest scholarships, bursaries and prizes, as well as a number of un-endowed trust funds held for special purposes in connection with the development of the Foundation's facilities.

Mission statement

The Charity's mission is to provide the necessary education and appropriate training to enable children and young people to flourish and to achieve their potential as individuals, and thereby to ensure that as adults they will be confident and successful members of society and effective contributors to it.

Intended impact

Within its charitable objects, the Charity's intention is to provide first class childcare in our nurseries and a first-class education through strong academic tuition and by developing broader skills that enable every pupil to realise his or her potential to the full. This involves emphasis on co-curricular activities through academic, sporting, artistic, team building and social skills, as well as encouraging spiritual awareness and self-reflection. This approach builds self-confidence and life skills in our pupils and inculcates a desire to learn and a willingness to contribute to the wider community whilst at school and in later life.

Aims

The aim of the Charity is to provide high-quality education and care for day and boarding pupils from Nursery (age approximately 6 months) to Upper Sixth level (18 years). During the year under review, this was carried out by 5 nurseries and 4 schools operating in Cheltenham, Gloucester, Chepstow and Newport. The nurseries and schools are overseen jointly by the Trustees, through the Warden (CEO) and Bursar.

Most of the children from Dean Close Preparatory School enter the Senior School and the vast majority of those leaving the School after A Levels have historically sought entry to universities and other higher education establishments. Pupils from Dean Close St John's School enter a variety of different senior schools at 13, including Dean Close Senior School. In addition to the academic life of the Schools, pupils' co-curricular activities include an extensive range of musical, dramatic and artistic activities as well as sports training, with many teams achieving success at county and national level. The needs of the wider community are addressed through an imaginative and wide-ranging Community Action and Partnerships programme and the Foundation makes many of its facilities available to the community and to local charities at reduced rates.

Christianity is at the heart of the Charity both in its aims and values and in practice, in regular formal services and voluntary Christian Union groups, bible study classes and an active Chaplaincy. The Foundation's educational policy is built upon its Christian principles and Trustees aim to ensure that pupils of all faiths and none are encouraged to consider their own response to questions of faith based upon a clear understanding of the Christian message. The Charity has defined its Aim and Values, based on the principles of biblical Christianity, and these are embedded in every aspect of its activities. The overarching aim is Flourishing, and the three key values are Courage, Love and Contribution.

The Charity aims to maintain a warm family atmosphere and a very high standard of pastoral care for all members of its community.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Objectives

- To make excellent provision for teaching and learning, ensuring that the curriculum is giving an outstanding preparation for life after school.
- To continue to improve the quality of Foundation facilities.
- To recruit, retain and develop excellent staff, both teaching and non-teaching.
- To maintain a broad and appropriate range and variety of co-curricular activities for all children and young people and to promote and develop sporting, musical, dramatic and artistic achievement across the Foundation.
- To sustain pupil recruitment in the face of ongoing difficult economic circumstances and to continue to widen access to Dean Close by the provision of means-tested assistance both for new applicants and in hardship cases affecting existing pupils.
- To develop further the Charity's commitment to partnerships, locally, nationally and internationally.

Strategies to achieve the Objectives

- Recruitment, induction, appraisal, mentoring and training of staff to ensure they are providing the very best quality of experience for children and young people, inside and outside the classroom.
- Constant review and innovation within the curriculum and co-curriculum, ensuring the needs of children and young people are met with a keen eye on the future requirements of universities, employment and wider society.
- Employment of highly qualified, specialist staff to maintain standards of sport, music, and drama.
- Continued investment in Foundation facilities through ongoing maintenance and through selected refurbishment and enhancement of facilities, particularly in boarding.
- Fundraising to support three key areas of development: campus, community and curriculum.

The aims and objectives set for the Charity's subsidiaries are to donate profits to facilitate the achievement of the Charity's aims and objectives as above.

EMPLOYEE INFORMATION

A Staff Employment Handbook is in place for members of the teaching and support staff; a number of important measures, including the development of a universal appraisal system, have been introduced for members of the Charity's support staff. Considerable time and effort is expended in ensuring that all members of staff are kept fully informed about new developments and in addressing questions and any concerns.

A significant amount of staff time is devoted to ensuring that the Charity's policies are fully compliant with current legislation and best practice. The Charity seeks to work with all employees, taking into account their personal circumstances, to ensure that appropriate training, development and advancement opportunities are available to enable them to reach their full potential. The Charity is committed to a policy of equal opportunity in employment. The aim of the policy is to ensure that:

- selection criteria and procedures are in place to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities.
- no job applicant or employee receives less favourable treatment on the grounds of their gender, gender reassignment, marriage or civil partnership, pregnancy and maternity, sexual orientation, disability, race, colour, ethnic background, nationality, religion or belief or age.
- no employee suffers harassment or intimidation.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

DISABLED PERSONS

The Charity will employ disabled persons when they are suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are the Directors of The Dean Close Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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, 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 and the provisions of the Charity's constitution. 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

STRATEGIC REPORT

Principal risks and other matters of strategic importance

The Board of Trustees is responsible for the management of the strategic risks faced by the Charity. Detailed consideration of risks is delegated to the Finance and General Purposes Committee, assisted by the Warden and Bursar. Risks are identified and assessed and controls are implemented and monitored regularly. The Charity's Risk Model is reviewed and updated on a termly basis by the Warden and Bursar and presented to the Finance and General Purposes Committee for approval.

The key risk controls used by the Charity include:

- maintenance of a comprehensive Risk Register.
- formal agendas and minutes for all Committee and Board meetings.
- detailed Terms of Reference for all Committees, which are regularly reviewed.
- comprehensive strategic planning, budgeting and management accounting procedures.
- a well-established organisational structure and clear lines of reporting.
- a comprehensive range of formal, written policies.
- clear authorisation and approval levels.
- vetting procedures as required by law.

Through its risk management processes, the Board has concluded that the major risks currently confronting the Charity are:

- the generation of insufficient surplus to fund the objectives of the Strategic Plan.
- a downturn in the demand for independent education driven by economic conditions both nationally and internationally, and current parental affordability concerns.
- increased cost caused by changes in Government policy.
- the ongoing impact of COVID-19 and consequent business operations.

The Board is satisfied that all major risks identified have been adequately mitigated where necessary and possible. It is recognised that such systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed. Through proactive management, the Foundation has ensured continuity of education for its pupils during the COVID-19 lockdown period and managed its cash flows well within agreed facilities with its bank. Whilst there remain uncertainties as to the length of time that COVID-19 will impact on the Foundation, the diversification of income streams that Dean Close Nurseries Limited and Dean Close Services Limited bring to the Group will continue to ultimately reduce risk in the longer term.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Results for the year

This year, the Senior School averaged 481 pupils (2020: 461), of whom 228 (2020: 221) were day pupils. The Preparatory School averaged 301 pupils (2020: 297) of whom 225 (2020: 222) were day pupils. The Pre-Preparatory School averaged 124 pupils (2020: 122) measured on a full-time equivalent basis, all of whom were day pupils. Dean Close St John's School averaged 153 pupils (2020: 165) of whom 144 (2020: 156) were day pupils. The principal funding sources for the Group are school fees and day nursery fees.

The consolidated surplus for the year before depreciation and amortisation of goodwill was £2,018,241 (2020: £211,814). Total incoming resources increased by £2.2m or 9.7% whilst total expenditure increased by £0.9m or 3.6%. There are a number of reasons for the improvement in this surplus. The continuing benefit of the programs "Costbase 20", and "Costbase 21", which started in January 2019 saving £1.4m of permanent overhead to date, the growth in pupil numbers at the senior and Cheltenham prep school in September 2020, the outstanding growth of the nursery group, good financial control and the strong performance of the investment portfolio.

Set against those gains were carrying the increased cost of the Teachers' Pension scheme, the performance of DCSL, which was again severely affected by the Pandemic and further school fee variations which were given to parents due to the blended learning delivered during part of the Lent term 2021.

Capital investment during the year totalled £5.1m. This included £2.85m for a number of freehold properties and £1.1m for the initial phase of the Academic Quad Redevelopment at the Senior School. Other significant capital investment includes £0.32m for improvements and refurbishment of boarding houses in the Senior and Prep School and £0.1m additional investment in IT. Debtors continued to be actively monitored and managed throughout the year and are at a similar level to the previous year. Airthrie School was acquired on the 5th July 2021.

The Trustees are satisfied with the overall financial position of the Foundation.

Review of achievement and performance for the year

The achievements of the Charity and its constituent schools and nurseries need to be understood in the context of the global pandemic that continued to disrupt normal teaching and commercial activities for a second academic year in succession, with national lockdown measures resulting in remote teaching and learning for part of the academic year, and with significant restrictions on the movements of international students in particular.

Despite the constraints, the nurseries remained open throughout the year and the Schools maintained both boarding and day provision within the government guidance, including major innovations in teaching practice to enhance co-curricular provision for those at home during lockdown or isolation periods.

Investment in IT was accelerated and the level of engagement of pupils in interactive online classes was high.

Despite the challenging and unique circumstances, the children and young people in the Charity's care achieved remarkable things during this academic year.

At Dean Close School, Centre Assessed Grades at GCSE resulted in 64% 9-7 grades and 83% A*-B at A Level. These results are realistic and in line with the direction that the school has been moving over the last few years. The process of providing grades was painstaking, with careful use of data and evidence, and the results are an accurate reflection of what these year groups would have achieved had they sat public examinations. Once again, over 90% of those applying to university were successful with their applications to the universities of their first choice.

The School continued to develop an extended preparation for University with a series of talks and seminars for the Upper Sixth.

Dean Close St John's celebrated the achievement of the Pre-Senior Baccalaureate programme for its Year 8 leavers. Nine pupils progressed to Dean Close School.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Review of achievement and performance for the year (continued)

Sporting fixtures across the Schools were significantly disrupted by the pandemic, but training continued either in person or via online learning for a range of sports. The opportunity was taken to introduce fitness programmes for use at home during lockdown and many pupils undertook sporting challenges for charity and for personal development during this time. Equestrianism continues to grow as a specialism at Dean Close, with a cross-Foundation team being fielded for eventing competitions with the support of parents and coordinated by the Director of Equestrian Sport. DCPS, DCPPS and DCSJS were all able to run Sports Days with some spectators, and cricket matches also began again in the Trinity Term.

Despite the constraints, a variety of drama productions took place during the year, with the outdoor Tuckwell Theatre coming into its own to allow audiences to enjoy the productions, as well as indoor productions with more limited audiences. These included *A Midsummer Night's Dream* and *The Importance of Being Earnest* at Dean Close School, and a well-received production of *Bugsy Malone* at Dean Close Preparatory School. During lockdown pupils, staff, trustees and alumni contributed to a recording of every one of Shakespeare's sonnets. DCSJS produced *Alice in Wonderland* and an adaptation of *A Midsummer Night's Dream*.

A series of outstanding concerts took place across the schools and music continued through lockdown with virtual choirs, orchestras and jazz ensembles all continuing to rehearse and perform. A virtual House Music Competition was made possible at DCS, and 'Battle of the Bands' and House Music took place live at DCPS.

Dean Close Pre-Prep continued its programme of 'Wow Days' with a 'Supersenses' Day combining exploration of the senses with fundraising for 'Guide Dogs for the Blind'.

The 'Foundation Stones' values were embedded across all the Schools and nurseries during the year, with reward systems introduced to promote the Aim and Values of Flourishing, Courage, Love and Contribution, as well as assemblies, PSHCE lessons and tutorials focusing on their development.

All the Schools held face-to-face Speech Days and prize-giving celebrations at the end of the Trinity Term, enabling the important transitions for leavers in the Upper Sixth, Year 8 and Year 2 to be marked, and the opportunity to acknowledge and celebrate the successes of all pupils in every area of school life. For the first time prizes were awarded for those exemplifying the Dean Close Foundation Stones values in each school.

The Charity's partnership work continued and was strengthened during the year, particularly in the Cheltenham Education Partnership work with other secondary schools in Cheltenham. Staff and pupils took part in a number of collaborative activities, all staged virtually, including young people's podcasts hosted at All Saints' Academy, Oxbridge preparation sessions hosted by the MFL and Science departments at DCS and the 'Manifesto for Change' project coordinated by the University of Gloucestershire to explore young people's ideas for educational change.

In April 2021 Dean Close senior school was inspected against the government guidance on hosting pupils in 'red list quarantine' ie returning from countries on the Covid-19 'red list' and overseeing their quarantine at school. The school was found to be compliant in all respects except one, which was that a pupil returning from Oman had been allowed to visit a public toilet on the way back to school, which was not allowed in the guidance in force at the time. This led to a 'not met' finding on two of the National Minimum Standards for boarding. The school has since updated its Covid-19 risk assessment and put in place an action plan to ensure that such a breach could not happen again. The five nurseries are all inspected by Ofsted. Four were rated Good at year end but Little Trees Hucclecote warranted an 'inadequate' rating at a recent inspection in August 2021. Three issues were around staff training and triggered an overall inadequate rating despite the Good judgements for Quality of Education and Behaviour and Attitudes. It will be reinspected in the next few months.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Energy and emissions report

During the year the Foundation took the following energy efficiency actions.

- Continued rollout of LED conversions and replacements across all sites.
- An increase to the number of bicycle stands to further encourage staff and pupils to cycle to school where practical.

A summary of key data is as follows:

	2021	2020
UK energy use (kWh)	8,165,172	6,161,872
Associated Greenhouse gas emissions (Tonnes CO2 equivalent)	1,554	1,225
Intensity ratio (Emissions per FTE)	3.7	2.92

UK energy use covers the use of natural gas for heating and cooking and electricity for heating and lighting across all entities of the Dean Close Foundation. Associated greenhouse gases have been calculated using the Gov.uk conversion 2021 conversion tables using 0.18386 per kWh for natural gas and 0.21233 per kWh of electricity in each reporting year. The lower energy use and associated Greenhouse gas emissions in 2020 is due to the school sites being closed during part of 2020 due to the COVID lockdown.

Grant-making policy

Trustees are committed to broadening access to Dean Close by offering means-tested bursaries based on an assessment of financial need to pupils whose parents/guardians are unable to pay the full fees. All bursaries are means-tested annually and have a value of up to 100% of the fees.

This year, the value of means-tested bursaries, clergy and Armed Services awards and other concessionary fees was £3.06m (2020: £2.79m), with a further £1.3m (2020: £1.22m) awarded in the form of scholarships and exhibitions. The Foundation's policy is to widen access to Dean Close to all sectors of the community by providing assistance with up to 100% of school fees for deserving children and to relieve hardship where an existing pupil's education and future prospects may otherwise be at risk. Fundraising continues to provide major awards, known as Foundation Awards and the school is extremely grateful to and thanks donors for their support.

Scholarships were made available to entrants aged 11, 13 and 16 for outstanding ability in academic work, music, art, sport and drama. Such awards are generally limited to a maximum of 20% of the school fees for any individual. Minor awards were also extended to a small number of children entering the Preparatory School at age 7.

Fundraising performance

Donations, gifts and legacies totalled £578,950 in the year (2020: £105,622), of which £575,945 were for restricted purposes. Further details concerning restricted donations are included in Note 17b to the Financial Statements. The increase is attributable to a number of significant donations received in aid of funding the Academic Quad Redevelopment to create a Mathematics and Economics/Business centre at the Senior School which was opened in September 2021. The Trustees wish to record their thanks for the many kind and generous donations received throughout the year, without which this and other initiatives would have either been delayed or not been possible.

Fundraising is overseen by the Development Committee which is chaired by a Trustee and includes other Trustees. The Development department carries out day to day fundraising tasks assisted by an external Consultant. Particular attention continues to be given to the management of data and the protection of vulnerable people. The Foundation has had no complaints about its fundraising activities this year.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

Investment powers, policy and performance

The Trustees' powers for the investment of its corporate funds are set out in the Articles of Association and are, subject to statutory requirements, broadly equivalent to those of an individual beneficial owner. For the investment of the trust funds that it administers, the Foundation is subject to the Trustee Act 2000.

The Trustees' policy is to obtain a return of capital gain and reinvested dividends on the invested funds at a suitable benchmark, thereby enhancing the Foundation's ability to provide scholarships, bursaries and prizes in future years and preserving the capital value of the underlying investments.

The Charity's investment portfolio is managed on a discretionary basis under an agreed set of investment parameters that are stated in the Foundation's Investment Policy. Portfolio performance is reported termly against an agreed benchmark and the Foundation's Investment Manager provides six-monthly briefings to the Finance and General Purpose Committee which include detailed analysis of the portfolio's performance, overviews of market conditions and his strategic approach to obtaining an optimal return on the Charity's investments.

At the year end the Group's long term investments totalled £3.38m (2020: £2.86m). The overall total investment return over the year was 18.1% (2020: 2.2%) which reflected an excellent result aided by rising world stock markets.

Reserves level and policy

The Charity's policy is to invest in premises and equipment to support the business and education requirements of the Charity, while ensuring adequate financing of day-to-day operational needs and the maintenance of adequate reserves to meet any contingencies as they arise. Therefore retained surpluses are not held as free reserves, but are normally utilised for improvements to the Charity's facilities. This policy is supported by external financing as and when necessary which is allocated to specific capital projects.

The Group's total reserves of £18.04m (2020: £17.36m) at the year end included £0.53m (2020: £0.55m) endowment capital, £0.76m (2020: £0.27m) unspent restricted funds and £16.75m (2020: £16.54m) unrestricted funds. £25.35m (£21.64m) of this represented the net book value of fixed assets less associated long term funding arrangements, leaving free reserves of negative £8.6m (2020: negative £5.1m) at the year end.

Resources

The Charity has at its disposal unrestricted funds which are invested by Rathbone Investment Management in a broad portfolio of bonds, equities and cash, as disclosed in note 11.

The Charity has a main bank overdraft facility of £3m to service working capital requirements. The bank loan facility has been utilised as planned to provide funding to deliver ongoing capital developments which form part of the overall Strategic Plan. The Charity's corporate and trust funds all have sufficient realisable assets appropriate to meet their respective obligations.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

FUTURE PLANS OF THE DEAN CLOSE FOUNDATION

The Charity's Strategic Plan sets out the Dean Close values, vision and ethos. The Plan is built around four pillars:

- Educational excellence
- Financial sustainability
- Employee engagement
- Partnership collaboration

Around these pillars, the plan establishes medium to long-term aims, which are:

- To cement and sustain the Foundation's strong academic reputation while avoiding selection based on academic grounds alone;
- To remain a flourishing, co-educational community for families, with excellent boarding and day facilities and excellent childcare support in its nurseries;
- To continue to develop excellent relationships with parents and families and to provide the highest possible standards of pastoral and tutorial support;
- To sustain a reputation for excellence in the creative and performing arts and in sport;
- To continue to develop the work of the Chaplain and the chaplaincy team, developing young Christian leaders and promoting spiritual development;
- To maintain and increase pupil numbers throughout the Foundation, particularly at Dean Close St John's School and in boarding;
- To continue the growth in earnings of Dean Close Services Limited and Dean Close Nurseries Limited, in order to invest those earnings in facilities across the Foundation;
- To be excellent employers; recruiting, training and developing outstanding staff;
- To develop and sustain partnerships with other organisations, locally, nationally and internationally; and
- To continue to develop community access to the Foundation's facilities and to widen access to independent education through the provision and active promotion of means-tested bursaries.

The Development Board oversees fundraising activity towards our three major campaign objectives; campus, community and curriculum:

- Campus – to renew the academic heart of Dean Close School, creating innovative and exciting teaching spaces with an emphasis on preparation for modern working life.
- Community – to establish a long term endowment supporting Foundation Awards, which are transformational bursaries for deserving and talented pupils.
- Curriculum – to establish a curriculum through all the age groups which emphasises Skills for the Future, including links with industry through parents, alumni and local partners.

FINANCIAL STATEMENTS

The financial statements on pages 22 to 50 have been prepared in accordance with the Charities Statement of Recommended Practice FRS 102.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

KEY ITEMS IN THE STATEMENT OF FINANCIAL ACTIVITIES

Restricted income comprises dividend income from investments, rental income and donations. The endowed reserve contains the unamortised portion of the Arts Council Grant made for the construction of the Music School in 1997. The Foundation's non-charitable trading includes the following activities of Dean Close Services Limited: the operation of the Bacon Theatre, lettings of certain parts of the Charity's property to provide access for external groups to sporting, music, drama and other facilities, together with income from the School Shops. The Foundation has continued to develop a range of owned and managed sports and educational offerings including a Residential Language Course at Dean Close St John's School, an Easter Revision course and various Dean Close branded sports camps, which are operated through Dean Close Services Limited. The management of the children's day nurseries is undertaken through Dean Close Nurseries Limited. All surplus income of the trading subsidiaries is used for the purposes of the Charity. As previously reported, the global COVID-19 pandemic and resulting travel restrictions has had a significant impact on the results of Dean Close Services Limited.

PUBLIC BENEFIT

Direct Public Benefit includes means tested bursaries and grants made to existing and new families. Trustees are committed to broadening access to Dean Close by offering means-tested bursaries to pupils whose parents / guardians are unable to pay the full fees. All bursaries are means-tested annually and have a value of up to 100% of the fees. The Foundation also has a scheme that helps military families with their fees.

Bursaries can range from 5% to 100% of the school fee. On occasions where certain students are selected for certain extracurricular Arts/Drama/Sport trips but where the cost alone precludes their participation we can relieve that financial burden in certain circumstances. The Charity does not have a large endowment and therefore the Trustees are mindful, when bursaries are provided, that there remains a fair balance overall between those benefitting from bursaries and full fee-paying parents, many of whom make significant personal sacrifices to fund their children's education. Fundraising continues to provide an endowment to support Foundation Awards and life-changing bursaries for pupils from families of modest means. Foundationers, supported by donors from the Old Decanian community, former parents and other individuals, continue their education at the senior school and these talented and deserving individuals would never have been able to consider independent schooling without these transformational awards. The Foundation aims to increase the number of Foundationers to 20 over the coming 10 years.

Indirect Public Benefit includes the use of facilities such as the Bacon Theatre and sports facilities which, from time to time, are let on a reduced cost to local groups or groups where their educational or artistic value is highly regarded in educational terms. The Foundation also invites local preparatory schools, junior schools and nurseries to benefit from Forest School, and from events such as sports skills days, choral and orchestral days, and science days. Local children also have the opportunity to attend theatre workshops and plays. Facilities are also made available to educational groups, and have, for example, hosted at no charge Gloucestershire Early Years meetings in the Pre-Prep hall with teachers from schools across Cheltenham.

The Trustees confirm that they have complied with their duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

PARTNERSHIPS

Partnership activity in the Dean Close Foundation operates on four levels: locally, regionally, nationally and internationally. Locally, it has many partnerships with primary schools and their pupils attended concerts, plays, Sports Skills and Community Action days, and Forest School at DCSJ, DCPS and DCS or hosted assemblies led by DCS pupils. The Cheltenham Education Partnership (CEP) has continued to gain considerable momentum despite the pandemic. There are many regional partnership links in Gloucestershire and the South West for sport, business, chaplaincy and music. National links are with academic organisations, the Choir Schools' Association, and TISCA. Finally, international partnerships have been disrupted but the Foundation remains committed to schools in Uganda and China.

THE DEAN CLOSE FOUNDATION

ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

AUDITOR

The auditor, Crowe U.K. LLP, have indicated their willingness to continue in this role. In accordance with Section 435 of the Companies Act 2006, a tender process for the next 5 years of audit will be undertaken in early 2022.

The Annual Report of the Trustees and incorporated Strategic Report were approved by the Board on 4 December 2021 and signed on its behalf by

Kathryn Carden
Chairman of Trustees

A handwritten signature in black ink, appearing to read 'Kathryn Carden', with a stylized flourish at the end.

THE DEAN CLOSE FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEAN CLOSE FOUNDATION

Opinion

We have audited the financial statements of The Dean Close Foundation for the year ended 31 August 2021 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

THE DEAN CLOSE FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEAN CLOSE FOUNDATION (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement on page 9, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

THE DEAN CLOSE FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEAN CLOSE FOUNDATION (CONTINUED)

Extent to which 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:

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with the completeness and accuracy of non-fee income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, the bursar and the Finance & General Purpose Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designing audit procedures over non-fee income, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

THE DEAN CLOSE FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEAN CLOSE FOUNDATION (CONTINUED)

Use of our report

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



Guy Biggin
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor, St James House
St James Square
Cheltenham
Gloucestershire
GL50 3PR

Date: 10 January 2022

THE DEAN CLOSE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021 (Incorporating a consolidated Income and Expenditure account)

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowed funds 2021 £	Total 2021 £	Total 2020 £
Income from:						
Charitable activities						
School fees receivable	2	20,067,790	-	-	20,067,790	18,131,815
Ancillary trading income	4	261,817	-	-	261,817	256,362
Government grant income		231,398	-	-	231,398	1,155,464
Other trading activities						
Non-ancillary trading income	3	4,037,285	-	-	4,037,285	3,293,245
Investments						
Investment income	11(c)	63,878	35,617	-	99,495	90,648
Bank and other interest		18,699	-	-	18,699	31,876
Voluntary sources						
Grants and donations		3,005	575,945	-	578,950	105,622
Total incoming resources		24,683,872	611,562	-	25,295,434	23,065,032
Expenditure on:						
Raising funds						
Non-ancillary trading	3	3,274,058	-	-	3,274,058	3,234,059
Financing costs		284,242	-	-	284,242	234,641
Investment management		21,325	679	-	22,004	19,275
Fundraising and development		76,073	-	-	76,073	100,079
Total deductible costs	7	3,655,698	679	-	3,656,377	3,588,054
Charitable activities						
Education and grant making		21,289,782	138,117	-	21,427,899	20,619,288
Total expenditure	7	24,945,480	138,796	-	25,084,276	24,207,342
Net incoming/(outgoing) funds from operations before transfers and investment gains		(261,608)	472,766	-	211,158	(1,142,310)
Gains on investments		462,374	14,727	-	477,101	25,270
Transfers between funds		19,651	-	(19,651)	-	-
Net movement in funds		220,417	487,493	(19,651)	688,259	(1,117,040)
Fund balances at 1 September 2020		16,532,963	271,853	550,238	17,355,054	18,472,094
Fund balances at 31 August 2021	17	16,753,380	759,346	530,587	18,043,313	17,355,054

The notes on pages 25 to 50 form part of these financial statements.



THE DEAN CLOSE FOUNDATION

FOUNDATION AND CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2021

REGISTERED NUMBER: 04193948

	Notes	Group 2021 £	Group 2020 £	Foundation 2021 £	Foundation 2020 £
Fixed assets					
Intangible	8	665,329	776,217	-	-
Negative goodwill	9	(76,670)	-	(76,670)	-
Tangible	10	31,969,783	28,061,579	31,755,723	27,945,498
Investments	11	3,381,739	2,862,746	5,123,016	4,714,911
		35,940,181	31,700,542	36,802,069	32,660,409
Current assets					
Stocks		120,031	135,429	12,814	9,350
Debtors	12	1,606,685	1,635,878	1,448,419	1,534,609
Cash at bank and in hand		74,293	187,060	45,088	102,155
		1,801,009	1,958,367	1,506,321	1,646,114
Current liabilities					
Creditors payable within one year	13	(9,634,753)	(8,019,127)	(10,209,902)	(8,674,689)
Net current liabilities		(7,833,744)	(6,060,760)	(8,703,581)	(7,028,575)
Total assets less current liabilities		28,106,437	25,639,782	28,098,488	25,631,834
Long term liabilities					
Creditors payable after one year	14	(10,063,124)	(8,284,728)	(10,063,124)	(8,284,728)
Net assets		18,043,313	17,355,054	18,035,364	17,347,106
Financed by:					
Endowed funds	17a	530,587	550,238	530,587	550,238
Restricted funds	17b	759,346	271,853	759,346	271,853
Unrestricted funds	17c	16,753,380	16,532,963	16,745,431	16,525,015
Total funds	17	18,043,313	17,355,054	18,035,364	17,347,106

The net result for the financial year dealt with in the financial statements of the parent charity was a surplus of £688,259 (2020: deficit £1,114,086). The financial statements were approved and authorised for issue by the Board of The Dean Close Foundation on 4 December 2021 and signed on its behalf by:

 - Kathryn Carden
Chairman
 - Matthew Smith
Treasurer

The notes on pages 25 to 50 form part of these financial statements.

THE DEAN CLOSE FOUNDATION

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Group 2021 £	Group 2020 £
Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities			
Net incoming/(outgoing) funds from operations		211,158	(1,142,310)
Elimination of non-operating cashflows:			
Investment income		(118,194)	(122,524)
Finance costs		284,242	234,641
Depreciation charge	10	1,221,737	1,217,966
Loss/(profit) on disposal of assets	5	3,160	(900)
Amortisation of goodwill on acquisition	8	110,888	110,888
Amortisation of negative goodwill on acquisition	9	(2,643)	-
Negative goodwill gain on acquisition		79,313	-
Decrease/(increase) in stock		15,398	(15,360)
Decrease in debtors		29,193	279,260
Increase in creditors (excluding fees in advance and deposits and composition fees)		1,081,941	833,716
Increase/(decrease) in fees in advance, deposits and composition fees		882,038	(1,163,661)
Net cash inflow from operations		3,798,231	231,716
Cash flows used in investing activities			
Purchase of tangible fixed assets	10	(5,144,672)	(617,784)
Proceeds from sale of tangible fixed assets		11,571	900
(Additions to)/ withdrawals from investment portfolio		(41,892)	(37,841)
Investment income and bank interest received		118,194	122,524
Net cash used in investing activities		(5,056,799)	(532,201)
Cash flows provided by financing activities			
Finance costs paid		(284,242)	(234,641)
New bank loan		-	705,000
New other loan		1,821,376	-
Repayment of secured loans		-	(444,445)
Net cash provided by financing activities		1,537,134	25,914
Change in cash and cash equivalents in the year		278,566	(274,571)
Cash and cash equivalents at the beginning of the year		(224,074)	50,497
Cash and cash equivalents at the end of the year		54,492	(224,074)
Analysis of cash and cash equivalents			
Cash at bank		74,293	187,060
Bank overdrafts	13	(19,801)	(411,134)
		54,492	(224,074)

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 STATEMENT OF ACCOUNTING POLICIES

(a) Charity information

The Dean Close Foundation is a charitable company limited by guarantee incorporated in England (charity number 1086829 and company number 04193948) and is a Public Benefit Entity operating from its registered office Shelburne Road, Cheltenham, GL51 6HE.

(b) Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), The Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (2nd edition effective 1 January 2019). The financial statements have been prepared on the historical cost basis of accounting, as modified by the revaluation of investments, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities SORP (FRS 102) and the accounting policies set out below.

The functional currency of the Foundation is considered to be GBP because that is the currency of the primary economic environment in which the Foundation operates.

The Charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity-only Cash Flow Statement within the consolidated financial statements.

No separate Statement of Financial Activities has been presented for the Foundation alone, as permitted by Section 408 of the Companies Act 2006. The net results of the parent Charity are disclosed on page 22.

Going Concern

As part of the Trustee's responsibilities of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have been considered. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations, along with our proposed responses over the course of the next 18 months. The most severe risk identified is a downturn in pupil numbers and the impact that this would have on the Foundation's cash flow. In this event, the Trustees measured response would be to place a moratorium on all but essential capital expenditure, to make further cost savings where appropriate to do so and if necessary to liquidate investments held as detailed in note 11 in order to enable the Foundation to operate within its current or increased borrowing facilities.

On the basis of this review, these financial statements have been prepared on a Going Concern basis, which the Trustees consider to be appropriate based on the results for the year ending 31 August 2021 and cash flow projections prepared for the period 31 August 2022 and beyond. The cash flow projections indicate that the Group will be able to meet its liabilities as they fall due and will be able to operate within the facilities currently available. The Trustees consider that there are no material uncertainties over the Foundation's financial viability.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Judgments in applying Accounting Policies and Key Sources of Estimation Uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these estimates and judgments have been made include the following:

(i) Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for the tangible and intangible assets are 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 investments, economic utilisation and the physical condition of the assets. See notes 8, 9 and 10 for the carrying amount of the assets and notes 1(h), (i) and (j) for the useful lives for each class of assets.

(ii) Impairment of investments

When assessing impairment of the investments, management considers factors including the financial results, future outlook, net assets and market value of each investment. See note 11 for the net carrying amount of investments.

(iii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and fee debtors. When assessing impairment of trade and fee debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors.

(c) Basis of consolidation

The consolidated statement of financial activities and balance sheet include the financial statements of The Dean Close Foundation and its three subsidiary Companies, Dean Close Services Limited, Dean Close Nurseries Limited and Nursery Childcare Services (UK) Limited, Dean Close General Charitable Trust and certain Scholarship Funds made up to 31 August 2021. Dean Close Services Limited manages and lets property on behalf of the Foundation and operates the School shops and the Bacon Theatre. Dean Close Nurseries Limited operated five children's day nurseries during the year under review. The trade, assets and liabilities of Nursery Childcare Services (UK) Limited were transferred directly to Dean Close Nurseries Limited on 1 September 2017 and Nursery Childcare Services (UK) Limited has not traded since this date. On 28 April 2020, an application was made to dissolve Nursery Childcare Services (UK) Limited and the company was duly dissolved on 6 October 2020. All intra group sales and profits are eliminated fully on consolidation.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(d) Incoming resources

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. School fee income represents fees receivable, including additional charges, less concessions.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided with 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

Non-charitable trading

Income from non-charitable trading represents the turnover from the trading activities of the subsidiary companies, Dean Close Services Limited and Dean Close Nurseries Limited and is recognised when the company has earned entitlement to the revenues.

Investment Income

Dividend income is accounted for at the date on which the Charity has entitlement to the dividend. Interest on bank balances and fixed income securities are accounted for in the period in which interest is earned.

(e) Government grants: Job Retention Scheme

Income from Government grants, whether "capital" grants or "revenue" grants, is recognised when the Group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Where entitlement occurs before income is received, the income is accrued. Where income is received in advance of the Group having entitlement to the funds, the income is deferred.

The total amount of Government grants received totalled £231,397 (2020: £1,155,464) and there are no unfulfilled conditions associated with this grant. The company has not received any other forms of Government assistance.

(f) Donations

Donations are accounted for as and when entitlement arises, the amount can be reliably quantified and economic benefit to the Charity is considered probable. Donations receivable for the general purposes of the Charity are credited to "other unrestricted funds", to distinguish them from direct Foundation income. Donations for purposes restricted by the wishes of the donor are taken to "restricted funds" where these wishes are legally binding on the Trustees. Donations required to be retained as capital in accordance with the donor's wishes are accounted for as "endowments" – permanent or expendable according to the nature of the restriction. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or of the value to the Foundation in the case of donated services or facilities.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(g) Expenditure

Expenditure is accounted for on an accruals basis as soon as a liability is considered probable, discounted to present value for longer term liabilities. Overhead and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of the Trustees' best estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Cost of generating funds includes all the financing costs of the entity in addition to the costs of the development office and trading expenditure of the subsidiary companies accounted for on an accruals basis.

Governance costs comprise the costs of running the Charity, including strategic planning for its future development, also internal and external audit, any legal advice for the Trustees, and all the costs of complying with constitutional and statutory requirements, such as the costs of Trustees meetings and of preparing statutory accounts and satisfying public accountability.

(h) Goodwill and amortisation

Goodwill is the difference between the amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Amortisation is provided on goodwill at rates calculated to write off the cost on a straight line basis over its expected useful life as follows:

Goodwill on acquisition of Nursery	
Childcare Services (UK) Limited	10% on cost

(i) Negative goodwill

Negative goodwill is the difference between the fair value of the assets and liabilities acquired of a business and the amount paid on acquisition.

Negative goodwill is credited to incoming resources on a straight line basis over its expected useful life as follows:

Negative goodwill on Asset Purchase	
of Airthrie School LLP	20% on valuation

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Fixed assets

Tangible fixed assets are stated in the balance sheet at cost less depreciation. Items costing less than £5,000 are written off as an expense on acquisition.

Depreciation is calculated so that tangible fixed assets are written off over their currently estimated useful lives at annual rates, which are as follows: -

Freehold land	Nil
Freehold property	2% - 6.67% on cost
Plant and equipment	2%/10%/20% on cost
Theatre equipment	10% on cost
Fixtures and fittings	20% on cost
Motor vehicles	20% on cost
School shop equipment	20% on cost
Computer equipment	10% - 25% on cost

Assets under construction are not depreciated until they are brought into use.

(k) Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

(l) Stocks

Stocks are stated in the balance sheet at the lower of cost and net realisable value after making due allowances for obsolete and slow moving stock.

(m) Debtors

Short term debtors are measured at transaction price, less any impairment.

(n) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

(o) Creditors

Short term creditors are measured at the transaction price.

(p) Taxation

The Dean Close Foundation is a registered charity and is not liable to Corporation Tax or Income Tax on all its income and gains properly applied for its charitable purposes. Dean Close Services Limited, Dean Close Nurseries Limited and Nursery Childcare Services (UK) Limited, trading subsidiaries of the Foundation, are liable to Corporation Tax.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(q) Pension costs

Teaching Staff

The scheme is a multi-employer pension scheme. It is not possible to identify the Charity's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS 102, the scheme is accounted for as if it were a defined contribution scheme. The Charity's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.

The Charity also operates a defined contribution group personal pension plan with AVIVA. Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

All pension costs are allocated to unrestricted funds, this being the fund from which wages and salaries are paid.

Non-Teaching Staff

The Charity operates three defined contribution group personal pension plans for its non-teaching staff with Scottish Equitable, Standard Life and AVIVA. Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

All pension costs are allocated to unrestricted funds, this being the fund from which wages and salaries are paid.

(r) Investments

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets. Investments in subsidiaries are valued at cost less provision for impairment.

(s) Composition fees

The Charity operates a composition fee scheme for parents. Income arising is treated as general income of the Foundation, out of which provision for future fee liabilities under the scheme is made.

(t) Recognition of liabilities

Liabilities are recognised when the Charity has an obligation to make payment to a third party.

(u) Redundancy

Redundancy and termination costs only occur where absolutely necessary and are accounted for on an accruals basis when the commitment to terminate a post on the grounds of redundancy has been made.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(v) Funds policy

Unrestricted funds are funds that are available for use at the discretion of the Trustees in furtherance of the objects of the Charity.

Designated funds are unrestricted funds which have been set aside by Trustees for specific purposes.

Restricted funds are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the Charity for particular purposes.

The Charity holds a grant under permanent endowment. Any income arising on the Permanent Endowment Fund is treated as restricted income of the Charity.

Expendable endowment funds represent the expendable endowment of the Charity. The funds are expendable at the discretion of the Trustees.

(w) Financial instruments

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

2 Charitable activities – fees receivable

	2021 £	2020 £
Fees receivable comprise:		
School fees	24,303,928	22,069,429
Allowances		
Bursaries, clergy and concessionary fees	(3,064,527)	(2,788,754)
Scholarships and exhibition awards	(1,304,410)	(1,217,377)
	19,934,991	18,063,298
Add back: Bursaries, scholarships and awards paid for by restricted funds	132,799	68,517
	20,067,790	18,131,815

Scholarships, bursaries and exhibition awards paid for out of Restricted funds were £132,799 (2020: £68,517).

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

3 Income from subsidiary's trading activities

- (a) The Charity owns the whole of the ordinary share capital of Dean Close Services Limited (registered number 02627579, registered office Shelburne Road, Cheltenham, GL51 6HE), whose trading activities include the school shops, and management and letting of facilities on behalf of the Charity such as the Bacon Theatre.

The following trading results for the subsidiary are incorporated in the Consolidated Statement of Financial Activities:

	2021 £	2020 £
Turnover	387,122	459,564
Cost of sales	(141,453)	(139,905)
Gross profit	245,669	319,659
Administrative expenses	(209,418)	(270,984)
Governance costs	(1,850)	(1,850)
Operating profit	34,401	46,825
Donation made under gift aid to the Foundation	(34,401)	(49,778)
Retained loss for the financial year	-	(2,953)
Total assets	322,129	262,051
Total liabilities	194,180	134,102
Share capital	120,000	120,000
Profit and loss account	7,949	7,949
Shareholder's funds	127,949	127,949

The subsidiary donated taxable profits to the Charity of £34,401 (2020: £49,778) under the Gift Aid Scheme.

Included in administration expenses are £184,710 (2020: £204,901) paid to The Dean Close Foundation. These transactions were eliminated on consolidation. At the year end, £14,004 was owed by The Dean Close Foundation (2020: £29,024).

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

3 Income from subsidiary's trading activities (continued)

- (b) The Charity owns the whole of the ordinary share capital of Dean Close Nurseries Limited (registered number 09635445, registered office Shelburne Road, Cheltenham, GL51 6HE), whose trading activities during the year under review include the provision of nursery care operating from five sites.

The following trading results for the subsidiary are included in the Consolidated Statement of Financial Activities:

	2021 £	2020 £
Turnover	3,650,163	2,833,681
Operating expenses	(165,370)	(161,652)
Gross profit	3,484,793	2,672,029
Government grant income	2,704	239,474
Administrative expenses	(2,752,617)	(2,610,816)
Governance costs	(3,350)	(3,350)
Operating profit	731,530	297,337
Donation made under gift aid to the Foundation	(731,530)	(297,337)
Retained profit for the financial year	-	-
Total assets	1,068,832	1,064,712
Total liabilities	112,883	108,763
Share capital	10,000	10,000
Profit and loss account	945,949	945,949
Shareholder's funds	955,949	955,949

The subsidiary donated £731,530 (2020: £297,337) taxable profits to the Charity under the Gift Aid Scheme.

Included in administration expenses are £2,226,933 (2020: £2,307,438) paid to The Dean Close Foundation. These transactions were eliminated on consolidation. At the year end, £868,208 (2020: £869,402) was owed by The Dean Close Foundation.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

3 Income from subsidiary's trading activities (continued)

- (c) On 1 September 2017, the Foundation acquired the whole of the ordinary share capital of Nursery Childcare Services (UK) Limited (registered number 04344654, registered office 67, Lansdown Road, Cheltenham, GL51 6QD), whose activities used to comprise the provision of nursery child-care operating from two sites trading under the name of TreeTops. On 1 September 2017, the trade, assets and liabilities of Nursery Childcare Services (UK) Limited were transferred to Dean Close Nurseries Limited (see note 3b) and it has not traded since this date. On 28 April 2020 an application was made to dissolve Nursery Childcare Services (UK) Limited and the company was duly dissolved on 6 October 2020.

4 Charitable activities - ancillary trading income

	2021 £	2020 £
Registration fees	36,355	37,372
Holiday courses	130,650	-
Pupils insurance discounts	12,529	16,482
Sundry receipts	68,483	119,833
School trips and activities	13,800	82,675
	261,817	256,362

5 Net incoming/(outgoing) resources

This is stated after charging/(crediting):

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
Depreciation of tangible fixed assets	1,221,737	1,175,416	1,217,966	1,172,037
Amortisation of goodwill	110,888	-	110,888	-
Amortisation of negative goodwill	(2,643)	(2,643)	-	-
Auditor's remuneration:				
- Fees payable for the audit of the financial statements	26,550	21,350	24,550	19,350
- Tax and other advisory services	2,000	-	2,000	-
Operating leases:				
- Plant and Machinery	-	-	24,767	24,237
- Property	320,919	320,919	301,659	301,659
Interest payable	254,683	254,683	217,121	217,121
Loss/(profit) on disposal of tangible fixed assets	3,160	3,160	(900)	(900)

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

6 Staff costs

	2021 £	2020 £
Wages and salaries	13,696,790	13,427,845
Social security costs	1,178,842	1,133,404
Pension contributions - Teachers' Pension Scheme	1,611,620	1,631,548
Pension contributions – other	213,742	205,176
Other costs	83,740	142,115
Total direct costs of employment	16,784,734	16,540,088

	2021 £	2020 £
Aggregate employee – benefits of key management personnel	744,300	681,346

The average number of staff during the year was:

	2021 Headcount	2020 Headcount
Teaching Staff	298	315
Nursery Staff	134	136
Administration support:		
Welfare	82	86
Premises	25	26
Support	118	109
Administration of charity	1	1
	658	673

The number of higher paid employees was:

	2021 No.	2020 No.
£60,001 - £70,000	9	10
£70,001 - £80,000	2	3
£80,001 - £90,000	2	-
£100,001 - £110,000	1	1
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-

In the year, contributions were made for 12 (2020:13) higher paid employees, to the Teachers' Pension Scheme, a defined benefit scheme and contributions were made for 3 (2020: 1) higher paid employee to a defined contribution scheme.

The Trustees received £Nil (2020: £Nil) remuneration during the year.

During the year, there were redundancy or termination payments made which amounted to £82,081 (2020: £142,248). At the year end £11,592 was outstanding (2020: £58,541).

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

7 (a) Analysis of expenditure

	Staff costs £	Other costs £	Depreciation £	Total 2021 £	Total 2020 £
Costs of generating funds					
Trading costs	2,292,965	934,771	46,322	3,274,058	3,234,059
Financing costs	-	284,242	-	284,242	234,641
Investment management fees	-	22,004	-	22,004	19,275
Development costs	62,650	13,423	-	76,073	100,079
Total costs of generating funds	2,355,615	1,254,440	46,322	3,656,377	3,588,054
Charitable activities					
Education and grant making					
Teaching	10,804,378	364,758	-	11,169,136	11,309,319
Welfare	788,857	1,553,833	-	2,342,690	1,967,252
Premises	525,994	1,690,254	697,968	2,914,216	2,627,694
Support costs and governance	2,309,890	2,081,721	477,447	4,869,058	4,646,506
Grants, awards and prizes	-	132,799	-	132,799	68,517
Total charitable expenditure	14,429,119	5,823,365	1,175,415	21,427,899	20,619,288
Total expended	16,784,734	7,077,805	1,221,737	25,084,276	24,207,342

7 (b) Governance included in support costs

	2021 £	2020 £
Remuneration paid to auditor	26,550	24,550
Reimbursement of personal expenses to Trustees	735	3,115
Other governance costs	5,018	5,772
	32,303	33,437

Of the Trustees 2 (2020:4) received a total of £735 (2020: £3,115) in respect of repayment of travel and accommodation costs and attendance at training and conferences.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

8 Intangible fixed assets – Group only

	Total Goodwill £
Cost	
At 1 September 2020 and 31 August 2021	1,108,881
Amortisation	
At 1 September 2020	332,664
Charge for the year	110,888
At 31 August 2021	443,552
Net book value	
At 31 August 2021	665,329
At 31 August 2020	776,217

Goodwill arose from the acquisition of the shares in Nursery Childcare Services (UK) Limited on 1 September 2018, which held two profitable nurseries which were transferred to another group entity.

Goodwill is amortised over the Trustees' estimate of its useful life of 10 years.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

9 Negative goodwill – Group and Foundation

	Total Negative Goodwill £
Cost	
At 1 September 2020	-
Arising on acquisition	(79,313)
	<hr/>
At 31 August 2021	(79,313)
	<hr/>
Amortisation	
At 1 September 2020	-
Credit for the year	2,643
	<hr/>
At 31 August 2021	2,643
	<hr/>
Net book value	
At 31 August 2021	(76,670)
	<hr/> <hr/>
At 31 August 2020	-
	<hr/> <hr/>

Negative goodwill arose from the Asset Purchase of Airthrie School LLP on 5 July 2021. These assets are included in the financial statements at fair value of £2,079,313 together with associated costs and are in respect of tangible fixed assets (see note 10). The difference between the valuation and purchase price resulted in negative goodwill of £79,313. This sum is being credited back to incoming resources in the Statement of Financial Activities over a 5 year period on a straight line basis.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

10 Tangible fixed assets - Group

	Freehold land and property £	Assets under construction £	Fixtures and fittings £	Plant and equipment £	Total £
Cost					
At 1 September 2020	34,365,202	70,248	3,017,481	4,462,648	41,915,579
Additions	888,539	1,185,440	518,262	407,858	3,000,099
Additions (acquisition)	2,115,260	-	14,759	14,554	2,144,573
Disposals	-	(7,642)	(441,415)	(148,370)	(597,427)
At 31 August 2021	37,369,001	1,248,046	3,109,087	4,736,690	46,462,824
Depreciation					
At 1 September 2020	8,923,035	-	2,205,235	2,725,730	13,854,000
Charge for the year	697,964	-	258,732	265,041	1,221,737
Disposals	-	-	(441,415)	(141,281)	(582,696)
At 31 August 2021	9,620,999	-	2,022,552	2,849,490	14,493,041
Net book value					
At 31 August 2021	27,748,002	1,248,046	1,086,535	1,887,200	31,969,783
At 31 August 2020	25,442,167	70,248	812,246	1,736,918	28,061,579

Tangible fixed assets – The Dean Close Foundation

	Freehold land and property £	Assets under construction £	Fixtures and fittings £	Plant and equipment £	Total £
Cost					
At 1 September 2020	34,365,202	70,248	2,834,234	4,351,504	41,621,188
Additions	888,539	1,185,440	480,874	300,946	2,855,799
Additions (acquisition)	2,115,260	-	14,759	14,554	2,144,573
Disposals	-	(7,642)	(441,415)	(140,356)	(589,413)
At 31 August 2021	37,369,001	1,248,046	2,888,452	4,526,648	46,032,147
Depreciation					
At 1 September 2020	8,923,035	-	2,123,913	2,628,742	13,675,690
Charge for the year	697,965	-	221,712	255,739	1,175,416
Disposals	-	-	(441,415)	(133,267)	(574,682)
At 31 August 2021	9,621,000	-	1,904,210	2,751,214	14,276,424
Net book value					
At 31 August 2021	27,748,001	1,248,046	984,242	1,775,434	31,755,723
At 31 August 2020	25,442,167	70,248	710,321	1,722,762	27,945,498

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

11(a) Investments

	Group 2021 £	Group 2020 £
At 1 September 2020	2,862,746	2,799,635
Realised gains/(losses)	61,963	(79,024)
Unrealised gains	415,138	104,280
Management fees	(22,004)	(19,275)
Dividends reinvested	63,896	57,130
At 31 August 2021	3,381,739	2,862,746

Details of the additions and disposals during the year are shown in the Cash Flow Statement.

These balances can be further analysed as follows:

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
(a) Investment in subsidiaries	-	1,741,277	-	1,852,165
(b) Other Investments at market value:	3,290,224	3,290,224	2,727,515	2,727,515
(c) Investments held in cash	91,515	91,515	135,231	135,231
	3,381,739	5,123,016	2,862,746	4,714,911

11(b) Investments – Group

Investments held on non-UK stock markets totalled £704,536 (2020: £1,243,185). Within the investment portfolio the Charity holds 515 units of Edgewood L Select Fund (US Select Growth) with a market value of £188,046 (2020: 33,280 units of Fundsmith LLP Equity I Income with a market value of £159,910). There are no other specific investments which represent more than 5% of the overall investment portfolio.

The market values of quoted investments held at 31 August 2021 are based upon stock market quoted prices at the year end date.

11(c) Investment income

	2021 £	2020 £
Dividends from managed funds	65,808	56,841
Interest on government stocks	187	93
Interest on cash deposits	-	214
Rental income on property	33,500	33,500
	99,495	90,648

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

12 Debtors

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
Fees and extras (less provision for bad debts)	1,035,390	1,000,651	905,785	887,836
Other debtors	143,588	71,868	207,966	167,478
Prepayments and accrued income	427,707	375,900	522,127	479,295
	<u>1,606,685</u>	<u>1,448,419</u>	<u>1,635,878</u>	<u>1,534,609</u>

Fees and extras are stated after impairment provisions totalling £415,411 (2020: £334,444).

13 Creditors: amounts falling due within one year

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
Bank loans (see note 14)	385,000	385,000	-	-
Other loan (see note 14)	71,376	71,376	-	-
Bank overdraft	19,801	19,801	411,134	411,134
Fees received in advance	2,139,233	2,139,233	1,865,922	1,865,922
Trade creditors	813,235	738,298	714,147	654,374
Amounts owed to subsidiaries	-	882,212	-	898,426
Taxation and social security	2,200,319	2,200,319	1,637,997	1,637,997
Other creditors	300,983	280,200	399,180	359,045
Accruals and deferred income	879,409	668,066	360,681	217,725
Deposits held	2,235,923	2,235,923	2,092,282	2,092,282
	<u>9,045,279</u>	<u>9,620,428</u>	<u>7,481,343</u>	<u>8,136,905</u>
Composition fees (see note 15)	589,474	589,474	537,784	537,784
	<u>9,634,753</u>	<u>10,209,902</u>	<u>8,019,127</u>	<u>8,674,689</u>

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

14 Creditors: amounts falling due after more than one year

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
Bank loans (see below)	7,314,800	7,314,800	7,699,800	7,699,800
Other loan (see below)	1,750,000	1,750,000	-	-
Composition fees (note 15)	998,324	998,324	584,928	584,928
	<u>10,063,124</u>	<u>10,063,124</u>	<u>8,284,728</u>	<u>8,284,728</u>

The bank loan is repayable by instalments

	2021 £	2020 £
Over 5 years	5,774,800	6,159,840
Within 2 to 5 years	1,155,000	1,154,970
Within 1 to 2 years	385,000	384,990
	<u>7,314,800</u>	<u>7,699,800</u>
Within 1 year (note 13)	385,000	-
	<u>7,699,800</u>	<u>7,699,800</u>

On 5 February 2021, formal repayment terms were agreed relating to the existing bank loan of £7,699,800. The maximum facility limit is £7.7m which is repayable in 60 instalments of £128,333.34 payable on 31 January, 30 April and 30 September of each year. The interest rate on the loan is 1.98% above Bank of England Base Rate. The loan is secured on certain freehold properties.

On 7 September 2021, a further loan of £750,000 was agreed which was drawn down on 27 September 2021 with the funds credited to the bank current account, this sum having been drawn from the bank overdraft facility in July 2021 to finance the purchase of a property. The loan is repayable over a 3 year term commencing on 27 October 2021 in 35 monthly instalments of £3,819.42 (capital and interest) with the remaining balance due no later than 27 September 2024. The interest rate on the loan is 1.97% over the Bank of England Base Rate. The loan is secured on certain freehold properties.

The other loan is repayable by instalments

	2021 £	2020 £
Over 5 years	1,275,000	-
Within 2 to 5 years	375,000	-
Within 1 to 2 years	100,000	-
	<u>1,750,000</u>	<u>-</u>
Within 1 year (note 14)	71,376	-
	<u>1,821,376</u>	<u>-</u>

The other loan is in respect of the Asset Purchase of Airthrie School LLP and is secured on certain freehold property. The loan is repayable over a 15 year term with annual repayments commencing on 5 July 2022. The interest rate is fixed at 1%.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

15 Creditors: composition fees

Parents may pay the school tuition fees in advance. The money may be returned subject to specific conditions. Assuming pupils will remain in the Charity's schools, the amounts due will be applied as follows:

	Group and Foundation 2021 £	Group and Foundation 2020 £
Greater than 5 years	41,504	34,318
Within 2 to 5 years	504,155	340,393
Within 1 to 2 years	452,665	210,217
	<hr/>	<hr/>
	998,324	584,928
Within 1 year (see note 13)	589,474	537,784
	<hr/>	<hr/>
	1,587,798	1,122,712
	<hr/>	<hr/>

Discounts are given on composition fee accounts in accordance with the rate as set out in the individual signed agreements.

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

	£
Balance at 1 September 2020	1,122,712
New contracts	1,312,220
Refunds	(159,137)
Amounts utilised in payment of fees to the Charity	(708,774)
Discounts given	20,777
	<hr/>
Balance at 31 August 2021	1,587,798
	<hr/>

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

16 Financial instruments

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
Financial assets measured at fair value	3,381,739	3,381,739	2,862,746	2,862,746

Financial assets held at fair value include assets held as investments

17 Net assets of the funds of the Group and The Dean Close Foundation

The net assets held as at 31 August 2021 for the various funds are as follows:

	Goodwill on consolidation £	Fixed assets and Investments £	Net current assets/ (liabilities) £	Long term liabilities £	Total £
Endowed funds	-	530,587	-	-	530,587
Restricted funds	-	759,346	-	-	759,346
General funds	-	35,512,136	(8,703,581)	(10,063,124)	16,745,431
Foundation	-	36,802,069	(8,703,581)	(10,063,124)	18,035,364
Subsidiary and other funds	(945,947)	214,059	869,837	-	137,949
Consolidation adjustments	1,611,276	(1,741,276)	-	-	(130,000)
Group	665,329	35,274,852	(7,833,744)	(10,063,124)	18,043,313

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

17 Net assets of the funds of the Group and the Dean Close Foundation (continued)

Comparative 2020	Goodwill on consolidation	Fixed assets and Investments	Net current assets/ (liabilities)	Long term liabilities	Total
	£	£	£	£	£
Endowed funds	-	550,238	-	-	550,238
Restricted funds	-	271,853	-	-	271,853
General funds	-	31,838,318	(7,028,575)	(8,284,728)	16,525,015
Foundation	-	32,660,409	(7,028,575)	(8,284,728)	17,347,106
Subsidiary and other funds	(945,947)	116,080	967,815	-	137,948
Consolidation adjustments	1,722,164	(1,852,164)	-	-	(130,000)
Group	776,217	30,924,325	(6,060,760)	(8,284,728)	17,355,054

17(a) Endowed funds: Movements in the year (Group and Foundation)

	Balance at 1 September 2020 £	Incoming endowments £	Amounts expended £	Transfers £	Balance at 31 August 2021 £
Permanent endowments:					
Arts Council Grant	550,238	-	-	(19,651)	530,587

The grant received from the Arts Council in respect of the construction in 1997 of the new Music School amounted to £982,561. This is being amortised over the useful life of the Music School, with the amortisation charge of £19,651 for the year being transferred to unrestricted funds.

The grant is an endowment fund by virtue of its purpose being to provide Arts in the community by building the Music School and is subject to certain conditions being met.

Comparative 2020	Balance at 1 September 2019 £	Incoming endowments £	Amounts expended £	Transfers £	Balance at 31 August 2020 £
Permanent endowments:					
Arts Council Grant	569,889	-	-	(19,651)	550,238

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

17(b) Restricted funds: Movements in the year (Group and Foundation)

	Balance at 1 September 2020 £	Incoming resources £	Amounts expended £	Transfers and Investment gains £	Balance at 31 August 2021 £
Prize, Scholarships and other funds	258,949	112,927	(138,796)	14,727	247,807
Quad Redevelopment	-	498,635	-	-	498,635
Private Family Charitable Trust	12,904	-	-	-	12,904
	<u>271,853</u>	<u>611,562</u>	<u>(138,796)</u>	<u>14,727</u>	<u>759,346</u>

Prize, Scholarships and other funds consist of a number of individual bequests received from individual donors and are utilised in accordance with donors' wishes. The Quad Redevelopment fund consist of a number of individual donations received from individual donors and are utilised in accordance with donors' wishes to assist with the funding of the Academic Quad Redevelopment at the Senior School.

Comparative Funds 2020	Balance at 1 September 2019 £	Incoming resources £	Amounts expended £	Transfers and Investment gains £	Balance at 31 August 2020 £
Chapel Organ Campaign Fund	4,736	-	-	(4,736)	-
Prize, Scholarships and other funds	220,438	137,966	(70,756)	(28,699)	258,949
Private Family Charitable Trust	15,424	-	(2,520)	-	12,904
	<u>240,598</u>	<u>137,966</u>	<u>(73,276)</u>	<u>(33,435)</u>	<u>271,853</u>

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

17(c) Unrestricted funds: Movements in the year

	Balance at 1 September 2020 £	Incoming resources £	Amounts expended £	Transfers and Investment gains £	Balance at 31 August 2021 £
General fund	16,532,963	24,683,872	(24,945,480)	482,025	16,753,380

The General fund includes £16,745,431 (2020: £16,525,015) net assets in respect of funds held by the Foundation. On consolidation, amortisation of goodwill totalling £110,888 was added to the amounts expended which is included in the figure above. Transfers and Investment gains within the General fund include £19,651 transferred from endowed funds. Further details of the transfers are included in notes 17a and 17b.

Comparative 2020	Balance at 1 September 2019 £	Incoming resources £	Amounts expended £	Transfers and Investment gains £	Balance at 31 August 2020 £
General fund	17,661,607	22,927,066	(24,134,066)	78,356	16,532,963

18 Capital commitments

The Group and Foundation had capital commitments at 31 August 2021 contracted for but not provided in these accounts for freehold property of £148,397 (2020 £Nil)

19 Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2021 £	Foundation 2021 £	Group 2020 £	Foundation 2020 £
Expiring within 1 year	322,107	322,107	301,659	301,659
Expiring within 1 to 5 years	1,153,350	1,153,350	1,190,400	1,190,400
Expiring greater than 5 years	1,560,000	1,560,000	1,158,150	1,158,150

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

20 Pension Schemes

The Charity participates in the Teachers' Pension Scheme ("the TPS") for the majority of its teaching staff. The pension charge for the year includes employer contributions payable to the TPS of £1,611,620 (2020: £1,631,548) and at the year-end £189,517 (2020: £180,927) 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 benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The Government announced on 4 February 2021 that it intends to proceed with a deferred choice 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 response on 19 August 2021 and the Government is currently analysing the responses.

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

Until the cost cap mechanism review is 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.

The Charity also operates three workplace pension schemes on a defined contribution basis. Employer contributions for the year amounted to £213,742 (2020: £205,176), and at the year-end £39,495 (2020: £35,842) was accrued in respect of contributions to this scheme.

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

21 Related party transactions

In accordance with CC29 – Conflicts of interest: A guide for charity Trustees, certain transactions between Trustees and the Charity are disclosable.

The Charity is a member of the Association of Governing Bodies of Independent Schools (AGBIS) which provides various membership rights. There was a refund of £185 relating to the attendance at seminars during the year (2020: cost of £185). The Chief Executive of AGBIS was a Trustee of the Charity until he retired as a Trustee on 1 February 2020.

Total donations of £2,335 were received from 3 Trustees during the year (2020: £Nil).

Apart from the aforementioned items, there were no related party transactions in the year or prior year, with the exception of those Trustees and key management who have children attending the Charity's schools. School fees incurred by Trustees are paid on a commercial arms' length basis, whilst key management can benefit from a staff concession that can be available to all eligible members of staff who have children attending the Foundation.

See note 3(a), 3(b) and 3(c) for details of the transactions which took place between the Charity and its wholly owned subsidiaries, Dean Close Services Limited, Dean Close Nurseries Limited and Nursery Childcare Services (UK) Limited in the year and any amounts outstanding at the year end.

The Ministry of Defence provides some funding each year for the purposes of the Dean Close Combined Cadet Force (CCF). A separate CCF bank account is held by the Charity. The CCF bank account balance as at 31 August 2021 was £5,529 (2020: £2,863).

22 Analysis of changes in net debt (Group)

	Balance at 1 September 2020 £	Cash flows £	Other non- cash changes £	Balance at 31 August 2021 £
Cash and cash equivalents				
Cash	187,060	(112,767)	-	74,293
Overdraft	(411,134)	391,333	-	(19,801)
	(224,074)	278,566	-	54,492
Borrowings				
Debt due within one year	-	(28,624)	(427,752)	(456,376)
Debt due after one year	(7,699,800)	-	(1,365,000)	(9,064,800)
	(7,699,800)	(28,624)	(1,792,752)	(9,521,176)
Total	(7,923,874)	249,942	(1,792,752)	(9,466,684)

THE DEAN CLOSE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (CONTINUED)

23 Consolidated Statement of Financial Activities – Comparative figures by fund

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowed funds 2020 £	Total 2020 £
Income from:					
Charitable activities					
School fees receivable	2	18,131,815	-	-	18,131,815
Ancillary trading income	4	256,362	-	-	256,362
Government grant income		1,155,464	-	-	1,155,464
Other trading activities					
Non-ancillary trading income	3	3,293,245	-	-	3,293,245
Investments					
Investment income	11(c)	55,304	35,344	-	90,648
Bank and other interest		31,876	-	-	31,876
Voluntary sources					
Grants and donations		3,000	102,622	-	105,622
Total incoming resources		<u>22,927,066</u>	<u>137,966</u>	<u>-</u>	<u>23,065,032</u>
Expenditure on:					
Raising funds					
Non-ancillary trading	3	3,234,059	-	-	3,234,059
Financing costs		234,641	-	-	234,641
Investment management		18,680	595	-	19,275
Fundraising and development		100,079	-	-	100,079
Total deductible costs	7	<u>3,587,459</u>	<u>595</u>	<u>-</u>	<u>3,588,054</u>
Charitable activities					
Education and grant making		20,546,607	72,681	-	20,619,288
Total expenditure	7	<u>24,134,066</u>	<u>73,276</u>	<u>-</u>	<u>24,207,342</u>
Net outgoing funds from operations before transfers and investment gains		(1,207,000)	64,690	-	(1,142,310)
Gains on investments		24,490	780	-	25,270
Transfers between funds		53,866	(34,215)	(19,651)	-
Net movement in funds		(1,128,644)	31,255	(19,651)	(1,117,040)
Fund balances at 1 September 2019		17,661,607	240,598	569,889	18,472,094
Fund balances at 31 August 2020	17	<u>16,532,963</u>	<u>271,853</u>	<u>550,238</u>	<u>17,355,054</u>