

# Financial Statements

## The Pilgrims' School

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**For the Year Ended 31 August 2021**

**Company No. 4296085**

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## Report of the Governing Body

The Trustees (hereafter referred to as the Governors or Governing Body), present their annual report for the year ended 31 August 2021 under the Companies Act 2006, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Act, the Trust Deed and the Charities SORP (FRS 102).

### **Summary of overall performance**

The School has continued to thrive and flourish in terms of academic, musical and sporting excellence, despite the challenges that it has faced during the Covid-19 pandemic. The impact of the Coronavirus pandemic, together with reduced pupil numbers has resulted in losses in the year, however, due to the efforts of the Head and the Senior Leadership Team these losses have been reduced compared to last year.

### **Reference and administration information**

The Pilgrims' School was founded in 1931 as a Preparatory School for the Winchester Cathedral Choristers but opened also for entrance by other pupils known as Commoners. In 1966 arrangements were made with Winchester College for the Quiristers (the College Chapel Choir Boys) to join and they take part fully in the life of the School.

The School provides a high level of education for pupils between the ages of 4 and 13 years either as boarders or day-boys. The School seeks to enable each Pilgrim to find and develop his basic talents in the framework of a disciplined and caring community. Our vision, taken from the Strategic Plan revised and approved in 2016, is to be 'a School that enables boys to be the best they can, a School with boys who live not just for themselves but for others'. We aim to ensure that pupils attain the highest academic levels whilst allowing them to benefit from many extra-curricular activities, especially in the provision of facilities and tuition to develop their musical talents. This ethos has been made clear through a legally devised Parent-School Agreement. The terms and conditions of this agreement have been provided to all parents.

The School operates as an independent company limited by guarantee under the ownership of The Chapter of Winchester Cathedral. The Pilgrims' School was registered as a private limited company with the Registrar of Companies for England and Wales, company number 4296085, on 28 September 2001. The Pilgrims' School, registered number 1091579, was entered in the Central Register of Charities with effect from 10 April 2002. A formal lease was signed between the School and Chapter on 1 September 2002.

### **Governing Body**

The Governors of the School (who are also directors of the company for the purposes of the Companies Act) who served at any time during the year were:

The Very Revd C Ogle

Miss Emma Bourner – appointed November 2020

Mr Jonathan Brough – appointed November 2020

Mr M Bruce

Mrs M Chin-Wolf

Dr D Lockett

Canon G Medd

The Revd Canon A Trenier

Dr J Webster

Prof M Wheeler

Mr N Wilks

Mr M Wilson

Mr S Woodward

As explained further on page 3, the Dean stood down as Chair on 30 November 2021 and Mr Ian Power was appointed in her place.

# Report of the Governing Body

## Key personnel and professional advisers

The Head	Dr S J Essex
Director of Finance & Resources	Ms K Dennett
Address	The Pilgrims' School 3 The Close Winchester Hampshire SO23 9LT
Bankers	National Westminster Bank plc 105 High Street Winchester Hampshire SO23 9AW  Lloyds Bank Plc Black Horse House Jacobs Yard London Street Basingstoke Hampshire RG21 7NT
Solicitors	Godwins 12 St Thomas Street Winchester Hampshire SO23 9HF  Blake Morgan New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire SO53 3LG
Auditors	Mazars LLP 5 <sup>th</sup> Floor, Merck House Seldown Lane Poole Dorset BH15 1TW



# Report of the Governing Body

## Policy

The Governors determine the strategic direction of the School. The day to day management of the School is delegated to the Head and Director of Finance & Resources.

## Structure, governance and management

### Governing document

The School is governed by its Articles of Association. These were updated in December 2021 to reflect the change in the governance of the School. As part of this, the Dean has become the Visitor rather than the ex-officio Chair of Governors.

Since the foundation of the School, the Dean of Winchester has been the ex-officio Chair of Governors. However, as times change, the Cathedral Chapter, Governors and Head have become aware that the combination of roles carried by the Dean no longer represents best current practice. As the Cathedral prepares, with all English cathedrals, to become a registered charity, a clearer visible separation between the governance of the School and Cathedral is expected by both the Charity Commission and Church Commissioners. As a result, the Governors have agreed to move to the appointment of an independent Chair of Governors.

### Governing Body

The Governing Body comprises up to 14 members: 2 are ex officio and 5 are appointed by external appointing bodies (3 by the Dean and Chapter of Winchester Cathedral and 2 by the Warden and Fellows of Winchester College). The remaining Governors, including the Chair, are elected at a meeting of the Board on the basis of nominations received from within the Board. All appointments take into consideration personal competence, specialist skills and local availability and follow the procedures for good governance established by the Governance and Nominations Committee. The term of office for Governors appointed by the external appointing bodies is at the discretion of those bodies (and is normally 5 years), the Governors appointed by the Board serve for a term of five years but, if eligible, they may be re-elected. Related party relationships and transactions are disclosed in Note 22 to the accounts.

Mr J Brough and Ms E Bournier were appointed as Governors in November 2020. Mr I Power was appointed as Chair of Governors on 30 November 2021, taking over from Dean Catherine Ogle who has now taken on the non-governance role of Visitor to the School.

### Trustee training

New Governors carry out an induction session with the Clerk to the Governing Body and receive briefings from the Chair, Head and Director of Finance & Resources as necessary. All Governors are encouraged to carry out training provided by the Association of Governing Bodies of Independent Schools (AGBIS).

### Organisational management

The Governors meet as a Board at least three times a year to determine the general policy of the School and review its overall management and control, for which they are legally responsible. The Head and the Director of Finance & Resources also attend meetings in an advisory capacity. The work of implementing most of the Board's policies is carried out by the following Standing Committees that meet at least once a term prior to each meeting of the Governing Body:

- The Governance and Nominations Committee

## Report of the Governing Body

- The Finance and General Purposes Committee
- The Academic and Pastoral Committee

The day to day management and running of the School is delegated to the Head and the Director of Finance & Resources, supported by other members of the Senior Leadership Team and staff.

### **Remuneration of the Governing Body**

Members of the Governing Body do not receive any remuneration for their services. Details of the remuneration for the Head and the Director of Finance & Resources are contained in Note 3 to the financial statements.

### **Organisational structure and relationships**

The School is an active member of the Independent Association of Prep Schools, the Choir Schools' Association, the Boarding Schools' Association and the Independent Schools' Bursars Association for the promotion and maintenance of school standards generally.

### **Charitable objectives and aims**

The School's principal objective is to provide a high level of education to its pupils, both in academic terms and by encouraging them to benefit from many extra-curricular activities, especially those which develop their musical talents.

The School also co-operates with many local charities in our ongoing endeavours to widen public access to our schooling, to optimize the use of our cultural and sporting facilities and to awaken in our pupils an awareness of the social context of the education they receive at the School.

Further details of the School's charitable activities are provided in the Operational Report below.

### **Inspection Reports**

The School was last inspected by the Independent Schools' Inspectorate (ISI) for regulatory compliance in January 2019. The Report confirmed the School met all the required categories of compliance.

The School remains strongly committed to safeguarding and promoting the welfare of pupils. The report described pastoral care as 'Excellent in all parts of the school' and 'within an exceptionally friendly and caring community'. It was confirmed that the School meets all the regulatory requirements for the wellbeing, health and safety of pupils.

### **Fundraising**

In view of the relatively low level of its activity, the School has not registered with the Fundraising Regulator but does support the standards for fundraising set out in the Code of Fundraising Practice. To its knowledge, the School has complied with those principles and has received no complaints about its fundraising activities. Opportunities for fundraising were reduced in the year due to the Coronavirus pandemic, however, some funds were raised as a result of virtual fundraising activities. Donations for the year amounted to £11,400 raised by the Pilgrims' Parents Association. A further £12,500 of restricted funds was donated to the Gavin Roynan Chorister Bursary Fund in 2020/21.

# Report of the Governing Body

## Strategic and Operational Report

### Review of achievements and performance for the year

During the year the School had the following numbers:

Choristers:	22
Quiristers:	16
Commoner Boarders:	46
Commoner Day Boys:	131
Pre-Prep:	29
Total:	244 (Average number of pupils for 2020/21)

The School continues to flourish in its three main areas of academic, musical, and sporting excellence. The leavers from Year 8 achieved excellent results in their final examinations. The overall number of awards was 16 this year (17 last year). Four academic scholarships and two exhibitions were won, all at Winchester College (the best return from Election since 2010). This was another excellent year for music. Five boys achieved full music scholarships (three at Winchester College, one at Harrow and one at Sherborne) and a further four Music Exhibitions were awarded (two at Eton and two at Winchester College). One Exhibition was achieved for Sport at Winchester College. Other boys obtained entry to the above schools, as well as Bedales, Bradfield, King Edward's VI Southampton, Harrow, Marlborough, Radley, RGS, Sevenoaks, The Swanage School and Wellington College.

### Charitable Objects

The School is aware of the guidance issued by the Charity Commission under the Charities Act in relation to Public Benefit and the Governors, The Head and Director of Finance & Resources are mindful of their obligation to have regard thereto. All are confident that the School's activities are in pursuit of its objects and are delivering public benefit. This is achieved both by the provision of education for the Choristers and the Quiristers and school bursaries and assistance to fund the education of non-choral pupils whose parents would not normally be in a position to send their boys to the school.

During 2020/21, 27 pupils received some form of bursary support; this represented 11% of the pupil population. Of these, 18 received financial support totalling £134,434 (2019/20: £143,115) from the School's Bursary Fund and 7 received support totalling £43,203 (2019/20: £48,209) from the Raymond Freke Award Fund. An additional £56,499 (2019/20: £58,146) was provided from external sources, of which £22,370 came from Winchester Cathedral in the current year. The maximum bursary provided to a single pupil was 87% of a total fee. The total provision of £234,136 (2019/20: £249,470) equates to 4.9% (2019/20: 5.2%) of gross fee income.

In addition to bursaries, the School's activities have reached out into the local community and given resources free or for minimal charges, to help others. In particular, the following have been undertaken:

- The School continued to support a choral outreach project combined with Winchester Cathedral Music Department
- As part of the School's object as a Choir School, a strong musical ethos is maintained throughout the School and this is extended into the local community by providing:
  - Facilities for external music lessons and music exams for local children
  - School choir performances in the community
  - Fund raising concerts by the Choristers, the Quiristers and other musicians from within the School

## Report of the Governing Body

- Under the object of the advancement of the Christian religion, the School plays a full part in the life of Winchester Cathedral and the School has cooperated in many small ways with the mission of the Cathedral
- The School participates in the Winchester Heritage Open Days event
- The School provided free Youth Mental Health First Aid training to several charities/community groups

Again this year, many of the other regular activities that the School usually participates in physically have been cancelled or restricted due to the Coronavirus pandemic. It is hoped that full participation in such events will be able to resume again over time.

The School community also continues to contribute generously throughout the year to many national and local charitable causes; during this year funds were raised to support charities such as Children in Need, North Hampshire Medical Fund, Winchester Basic (food) bank, Water Aid, Royal British Legion.

We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future activities.

### **Financial Performance**

The School's financial performance in the 2020/21 year was impacted again by the Coronavirus pandemic and the January 2021 lockdown. From 5<sup>th</sup> January 2021 the School again returned to a virtual learning environment, with only children of key workers being educated on site. Boys were able to return to school from 8<sup>th</sup> March 2021. As a result, the Governors decided to offer a school fee rebate in the Summer Term in order to recognise that the School could not offer full facilities and to pass on savings made during this time on staff costs, catering etc.; this amounted to a total discount of £143k. This was offset partially by income received from the Coronavirus Job Retention Scheme of £61k, as staff members who were unable to perform their roles were put on the Government furlough scheme.

Continued significant work has been undertaken to improve the estate and grounds of the School, spending £147k more than usual in this area. There were further upgrades to fire safety in the School, additional electrical work, the exterior painting of the Pre-Prep, Stancliffe and Millennium buildings and the replacement of three changing room communal showers with individual shower cubicles. The Governing Body are grateful to the Pilgrims' Parents Association for their continued support of the School and in particular for their generous donation this year of £11,400, which part-funded the resurfacing of the Quad with artificial grass, enabling all year round use for the boys.

The School's reserve policy requires it to maintain sufficient reserves to enable it to meet its short-term financial objectives, defined as at least one term's expenditure, in the event of an unexpected revenue shortfall or the emergence of an unexpected liability. Total funds of the School at the year-end amounted to £4,078k (2020: £4,211k), of which £3,982k (2020: £4,125k) are considered available reserves. As at year end, the cash balance supporting these was £1,486k (2020: £883k). The Finance and General Purposes Committee has conducted a review of the financial risks facing the School. After taking these into account and particularly the risks which have emerged in respect of the impact of Covid-19, the Committee concluded that this level of reserves is appropriate.

Cash balances at the year-end totalled £1,486k against a prior year balance of £883k. This increase was due to a reduction in debtor balances and also the timing of supplier payments and fee invoicing around the year end compared with the previous year end's exceptional level of payments.

The Governing Body regularly reviews the School's finances against budget together with a cash flow analysis as part of the effective stewardship of the School. It considers that given the strength of its balance



## Report of the Governing Body

sheet position, the income generated, the popularity of the School, and its fiscal controls, the cash reserves held are adequate to meet its requirements and so it is appropriate to prepare the School's financial statements as a going concern.

### **Risk Management**

The Governors review annually the areas of the School's operations and considered the major risks faced in each of these areas. The principal risks identified are captured in the School Risk Register, also reviewed annually, and contains the following:

- Ongoing risks associated with the external financial and operating environment, increases in charges for teachers' pensions and other additional employment costs
- The impact on the School's operations and finances of a pandemic such as Covid-19
- Compliance with statutory and ISI requirements
- Ensuring there is effective governance and sound financial management
- A fall in pupil numbers that affects the ability to support current structures and long term plans
- Maintaining the quality of education and pastoral care

The following are also included within the School's Business Continuity Disaster Recovery Plan:

- Impact of major incidents resulting from fire, serious injury, loss of utilities (power and water); and
- IT security, data recovery and continuity.

In the opinion of the Governors, the School has the requisite monitoring and review systems and has access to the necessary resources and skills which, under normal circumstances, should allow these risks to be mitigated to an acceptable level in its day-to-day operations.

### **Future plans**

With the retirement of Mr Hammond as Deputy Head Pastoral, Dr Essex has reshaped and added to the School's Senior Leadership Team in 2021 with new joiners; Tom Rainer, as Deputy Head Pastoral, Designated Safeguarding Lead and Head of Boarding; Tom Halliday, as Head of Junior School and Gideon Williams who is leading the new department, Digital Learning. These additions and others have enhanced the strong capability already in place. The School plans in the next year to strengthen further its pastoral care and boarding offerings, to enhance digital learning across the curriculum and to grow further, especially in the younger years, as it builds on its core values: curiosity, confidence and care.

# Report of the Governing Body

## Governing Body's responsibilities for the financial statements

The Governors (who are also directors of The Pilgrims' School for the purposes of company law) are responsible for preparing the Report of the Governing Body and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Company law also prohibits the Governors from approving the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the School and of the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in business.

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

In so far as the Governors are aware:

- there is no relevant audit information of which the School's auditor is unaware; and
- the Governors 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 Governors are responsible for the maintenance and integrity of any corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body approved this report, including the strategic report, at its meeting on 25 March 2022.

Signed on its behalf by:

Ian Power  
Ian Power (Apr 6, 2022 19:01 GMT+1)

I Power  
Chair of Governors

# **Independent Auditor's report to the Members of The Pilgrims' School**

## **Opinion**

We have audited the financial statements of The Pilgrims' School (the 'Charity') for the year ended 31 August 2021 which comprise the Accounting Policies, the Statement of Financial Activities, Balance Sheet, Cashflow Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2021 and of 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 charity 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 Governors' 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 Charity'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 Governors with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information. 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.

## **Independent Auditor's report to the Members of The Pilgrims' School**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Governing Body which includes the Strategic Report and the Directors' 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 Report of the Governing Body has 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 Charity and its 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 Report of the Governing Body.

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

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

### **Responsibilities of governors**

As explained more fully in the Governing Body's responsibilities statement set out on page 8, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



# Independent Auditor's report to the Members of The Pilgrims' School

## **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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pilgrims' School and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the Governors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks related posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to restricted funds, revenue recognition (which we pinpointed to the cut off), and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Governors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Governors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

## Independent Auditor's report to the Members of The Pilgrims' School

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

### Use of the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:

  
Jonathan Marchant (Apr 6, 2022 21:37 GMT+1)

Jonathan Marchant

(Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor

5<sup>th</sup> Floor  
Merck House  
Seldown Lane  
Poole  
Dorset  
BH15 1TW

Date: Apr 6, 2022

## Accounting policies

### Company status

The Pilgrims' School is an independent company limited by guarantee. The only member of the company is the Chapter of Winchester Cathedral. In the event of the entity being wound up, the liability in respect of the guarantee is limited to £1.

### Basis of preparation

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

The Pilgrims' School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in Sterling (£).

The principal accounting policies of the School are set out below.

### Going concern

The financial statements have been prepared on the basis that the School is a going concern. The Governors consider that there are no material uncertainties on the School's ability to continue its activities for the foreseeable future. They have approved a detailed income and expenditure budget for 2021/22, the School has a regular stream of income from the schools' pupils and its reserves policy means that it will be able to meet its obligations and have sufficient time to mitigate against any unforeseen circumstances.

The Governors have reviewed the latest forecasts and considered the period 12 months from the date of approving these financial statements. Whilst the impact of the Coronavirus pandemic, together with reduced pupil numbers has resulted in losses in the year, the extent of available reserves and cash balances ensure the School's longer term future. The Governors are satisfied the School remains a going concern.

### Fund accounting

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

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

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

## Accounting policies

### Incoming resources

Fees receivable consists of charges for the academic year 2020/21 less allowances and bursaries out of the School's designated funds but includes contributions received from restricted funds for bursaries.

Other School income consists of optional extra services provided to the pupils, as well as income for initial registration of and deposits forfeited for pupils.

Payments to the School from the Government's Coronavirus Job Retention Scheme are recognised when receivable and classified as other income in the SOFA.

### Expenditure

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

Charitable activities are costs incurred in connection with the running of the School, including wages, equipment to support teaching, and other administration expenses.

Governance costs are those incurred in connection with administration of the School and compliance with constitutional and statutory requirements. These costs include audit, legal advice for Governors and the costs associated with meeting constitutional and statutory requirements such as the cost of Governors' meetings and the preparation of statutory accounts.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Financing costs include interest on loans and other sources of finance.

All resources expended are inclusive of irrecoverable VAT.

### Tangible fixed assets and depreciation

Expenditure on improvements and modernisation which enhances the long-term capability of the School is capitalised and depreciated in line with the policy for freehold buildings. Expenditure on repairs and general maintenance incurred on a regular basis, along with individual items costing less than £1,000, are charged to the Statement of Financial Activities as incurred.

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



## Accounting policies

### Tangible fixed assets and depreciation (continued)

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost less estimated residual value of each asset over its expected life as follows:

School buildings – freehold and long leasehold	2-5%
Equipment	10-20%
Motor vehicles	10-20%

### Operating leases

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

### Stocks

Stocks, which comprise school uniforms, are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

No account is taken at the year-end of stocks of provisions, stationery, fuel and household requisites. In the opinion of the Governing Body this does not represent a material departure from standard accounting practice.

### Interest receivable

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

### Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. The Governing Body regularly reviews debtors and provision is made against any debts considered irrecoverable.

### Cash at bank and in hand

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

### Liabilities and provisions

Liabilities are recognised when there is a legal or constructive obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the entity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## Accounting policies

### Financial instruments

The entity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

### Pensions

Retirement benefits to teaching staff of the School are provided by the Teachers' Pension Scheme ("TPS"). This is a defined benefit scheme and the assets are held separately from those of the School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The School also operates defined contribution schemes for non-teaching staff. Contributions are charged in the SOFA as they become payable.

### Judgements in applying accounting policies and key sources of estimation uncertainty

In the preparation of the 2021 financial statements it is the responsibility of both the Governors and Officers to make informed judgements and estimates in the provision of liabilities and expenses. The Pilgrims' School acknowledges the requirements of this disclosure. As such, the Governors and Officers of the School have made the following judgements and estimations that have the most significant effect on the amounts recognised in the financial statements.

- They have considered whether there are any indications that trade debtors may have suffered an impairment at the reporting date as required by FRS102. The Director of Finance & Resources regularly reviews those balances that are overdue. Consideration is based upon the credit terms and financial status of the parents with provisions being made against those where a material uncertainty exists that the amounts may not be recovered.
- The School buildings have been accounted in line with FRS 102 on the judgement that the lease will be extended beyond the current lease term. The Governors consider this judgement to be appropriate based on its ongoing discussions with the Chapter of Winchester Cathedral and their intention to agree the extension.

## Statement of financial activities

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total Funds 2020 £
<b>Incoming resources</b>					
<i><b>Income from charitable activities</b></i>					
Fees receivable	1	4,675,378	-	4,675,378	4,681,012
Other School income	2	137,716	-	137,716	227,377
<i><b>Income from generated funds</b></i>					
Grants and donations		11,400	12,500	23,900	7,822
<i>Activities for generating funds:</i>					
Hire of premises		1,625	-	1,625	4,856
Bank interest receivable		168	1,811	1,979	4,250
<b>Total incoming resources</b>		<b>4,826,287</b>	<b>14,311</b>	<b>4,840,598</b>	<b>4,925,317</b>
<b>Resources expended</b>					
<i><b>Charitable activities</b></i>					
School operating costs		4,922,288	4,513	4,926,801	5,142,841
<i><b>Costs of generating funds</b></i>					
Fundraising for voluntary income		37,795	-	37,795	39,694
School financing costs	5	8,874	-	8,874	10,743
<b>Total resources expended</b>	6	<b>4,968,957</b>	<b>4,513</b>	<b>4,973,470</b>	<b>5,193,278</b>
<b>Net (outgoing)/incoming resources</b>					
Transfers between funds		(142,670)	9,798	(132,872)	(267,961)
<b>Net movement in funds for the year</b>		<b>(142,670)</b>	<b>9,798</b>	<b>(132,872)</b>	<b>(267,961)</b>
Balances brought forward at 1 September 2020		4,124,528	86,698	4,211,226	4,479,187
<b>Balances carried forward at 31 August 2021</b>		<b>3,981,858</b>	<b>96,496</b>	<b>4,078,354</b>	<b>4,211,226</b>

All amounts relate to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

## Balance sheet

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	8	<u>3,918,454</u>	<u>3,986,772</u>
<b>Current assets</b>			
Stocks	9	3,473	4,846
Debtors	10	1,169,437	1,727,395
Cash at bank and in hand		<u>1,485,940</u>	<u>883,100</u>
		2,658,850	2,615,341
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,216,220)</u>	<u>(2,109,761)</u>
<b>Net current assets</b>		<u>442,630</u>	<u>505,580</u>
<b>Total assets less current liabilities</b>		<u>4,361,084</u>	<u>4,492,352</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(282,730)</u>	<u>(281,126)</u>
<b>Net assets</b>		<u><u>4,078,354</u></u>	<u><u>4,211,226</u></u>
<b>Funds</b>			
Unrestricted funds: General reserve	13	3,981,858	4,124,528
Restricted funds	14	<u>96,496</u>	<u>86,698</u>
		<u><u>4,078,354</u></u>	<u><u>4,211,226</u></u>

The financial statements were approved and authorised for issue by the Governing Body and are signed on their behalf by:

*Ian Power*

Ian Power (Apr 6, 2022 19:01 GMT+1)

Mr I Power  
Chair of Governors

Date: Apr 6, 2022

The accompanying accounting policies and notes form an integral part of these financial statements.



## Cash flow statement

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net movement in funds	(132,872)	(267,961)
<b>Adjustments for:</b>		
Depreciation of tangible assets	192,501	187,576
Interest payable	4,432	7,872
Interest receivable	(168)	(4,250)
Decrease/(Increase) in debtors	557,954	(122,663)
Decrease in stocks	1,373	1,773
Increase/(Decrease) in creditors	99,363	(368,445)
Profit on sale of fixed assets	(400)	-
<b>Net cash (absorbed by)/generated from operating activities</b>	<b>722,183</b>	<b>(566,098)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(124,183)	(140,895)
Interest received	168	4,250
Proceeds from sale of fixed assets	400	-
<b>Net cash outflow from investing activities</b>	<b>(123,615)</b>	<b>(136,645)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(41,296)	(162,887)
New loan raised	50,000	-
Interest paid	(4,432)	(7,872)
<b>Net cash outflow from financing activities</b>	<b>4,272</b>	<b>(170,759)</b>
<b>Net increase/(decrease) in cash at bank and in hand</b>	<b>602,840</b>	<b>(873,502)</b>
Cash at bank and in hand at the beginning of year	883,100	1,756,602
<b>Cash at bank and in hand</b>	<b>1,485,940</b>	<b>883,100</b>
<b>Net cash</b>		
Cash at bank and in hand	1,485,940	883,100
Bank loans due within one year	(172,215)	(165,114)
Bank loans due after one year	(282,730)	(281,126)
	<b>1,030,995</b>	<b>436,860</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

**1 Fees receivable**

	2021 £	2020 £
Dayboys	2,478,824	2,360,996
Boarders	1,091,382	1,272,434
Pre-Prep	321,070	402,000
Choristers	507,617	445,105
Quiristers	390,987	337,288
Sundry fee income	14,625	1,220
Gross fees receivable	4,804,505	4,819,043
Less:		
Bursaries	(134,434)	(143,115)
	4,670,071	4,675,928
Disbursements (net)	730	324
Fees remission scheme commission	64	76
	4,670,865	4,676,328
Add: Bursaries from restricted funds	4,513	4,684
	4,675,378	4,681,012

**2 Other School income**

	2021 £	2020 £
Coronavirus Job Retention Scheme	60,912	182,857
Learning support	17,063	16,860
Holiday sports courses	10,260	8,655
Choir time and expenses recharged	7,666	7,050
Registration fees	11,696	8,105
Deposits forfeited	2,000	1,850
Music facility charge	1,205	301
Sundry income	26,914	1,699
	137,716	227,377

The accompanying accounting policies and notes form an integral part of these financial statements.

### **3 Staff costs**

	2021 £	2020 £
Wages and salaries	2,668,806	2,742,191
Social security costs	256,124	269,858
Pension contributions	399,960	409,243
	<u>3,324,890</u>	<u>3,421,292</u>

The average number of employees in the year was:

	2021 Number	2020 Number
Teaching	54	58
Domestic/welfare	36	35
Administration	10	10
	<u>100</u>	<u>103</u>

The emoluments of higher-paid employees fell within the following ranges.

	2021 Number	2020 Number
£60,001 to £70,000	1	1
£70,001 to £80,000	1	-
£90,001 to £100,000	1	-
£100,001 to £110,000	-	1

Contributions totalling £43,874 (2020: £39,335) were made to defined benefit pension schemes in respect of the higher paid employees.

The key management personnel of the charity comprise the Head and the Director of Finance & Resources. The total employee benefits for these personnel, which includes employer pension and NI contributions, were £220,064 (2020: £273,831).

The Governors received no remuneration during the year. There were no travel expenses for Governors during the year (2020: £461).

The accompanying accounting policies and notes form an integral part of these financial statements.

**4 Governance costs**

	2021 £	2020 £
Auditors' remuneration: statutory audit services	10,527	9,702
Other professional fees	45,438	138,224
Liability insurance	11,602	10,997
	<u>67,567</u>	<u>158,923</u>

Other professional fees include £11,774 (2020: £31,865) in respect of legal fees for employment and property advice in the year. The prior year also included £76,585 in respect of legal and professional fees, associated with a review of the School's safeguarding processes.

**5 School financing costs**

	2021 £	2020 £
Bank loan interest	4,432	7,872
Other interest and similar charges payable	4,442	2,871
	<u>8,874</u>	<u>10,743</u>

**6 Analysis of total resources expended**

	Staff costs £	Other £	2021 £	Staff costs £	Other £	2020 £
<b>Charitable activities</b>						
School operating costs:						
Teaching costs	2,384,293	148,720	2,533,013	2,468,073	186,237	2,654,310
Welfare costs	377,740	255,506	633,246	366,888	251,861	618,749
Premises	232,647	1,039,707	1,272,354	230,063	895,580	1,125,643
Support costs of schooling	330,210	85,898	416,108	356,268	224,152	580,420
Grants awards and prizes	-	4,513	4,513	-	4,796	4,796
Governance costs	-	67,567	67,567	-	158,923	158,923
	<u>3,324,890</u>	<u>1,601,911</u>	<u>4,926,801</u>	<u>3,421,292</u>	<u>1,721,549</u>	<u>5,142,841</u>
<b>Costs of generating funds</b>						
Fundraising costs	-	37,795	37,795	-	39,694	39,694
Finance costs	-	8,874	8,874	-	10,743	10,743
	<u>3,324,890</u>	<u>1,648,580</u>	<u>4,973,470</u>	<u>3,421,292</u>	<u>1,771,986</u>	<u>5,193,278</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

## **7 Net incoming resources**

This is stated after charging:	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Costs of Coronavirus pandemic	<b>19,730</b>	21,274
Profit on sale of fixed assets	<b>400</b>	-
Depreciation of tangible fixed assets	<b>192,501</b>	187,576
Auditors remuneration – audit services	<b>10,527</b>	9,702
Operating lease rentals – land and buildings	<b>210,065</b>	209,711

## **8 Tangible fixed assets**

	<b>School buildings</b>	<b>Long leasehold property</b>	<b>Equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 September 2020	4,937,287	50,930	1,134,334	70,335	6,192,886
Additions	-	-	113,881	10,302	124,183
Disposals	-	-	-	(11,456)	(11,456)
At 31 August 2021	<u>4,937,287</u>	<u>50,930</u>	<u>1,248,215</u>	<u>69,181</u>	<u>6,305,613</u>
<b>Depreciation</b>					
At 1 September 2020	1,408,673	-	730,706	66,735	2,206,114
Charge for the year	102,002	-	86,555	3,944	192,501
On disposals	-	-	-	(11,456)	(11,456)
At 31 August 2021	<u>1,510,675</u>	<u>-</u>	<u>817,261</u>	<u>59,223</u>	<u>2,387,159</u>
<b>Net book value at 31 August 2021</b>	<b><u>3,426,612</u></b>	<b><u>50,930</u></b>	<b><u>430,954</u></b>	<b><u>9,958</u></b>	<b><u>3,918,454</u></b>
Net book value at 31 August 2020	<u>3,528,614</u>	<u>50,930</u>	<u>403,628</u>	<u>3,600</u>	<u>3,986,772</u>

School buildings comprise primarily the cost of improvements, such as the Millennium Block, Pre-Prep and the Winton complex including the swimming pool. Under the terms of the School's lease with the Cathedral, these buildings will fall within the scope of the lease 21 years after they were built and hence become subject to rental charges. The first, the Millennium Block, was due to take effect from 2021; the rental charge is subject to negotiation and at this stage it is not possible to quantify the charge, if any, that will arise.

## **9 Stocks**

	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
Stock of school uniforms	<b>3,473</b>	4,846

The accompanying accounting policies and notes form an integral part of these financial statements.

# 10 Debtors

	2021 £	2020 £
Fees	1,119,814	1,647,008
Others	49,623	80,387
	<u>1,169,437</u>	<u>1,727,395</u>

# 11 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loan	165,548	165,114
Bounce Back loan	6,667	-
Amounts owing to suppliers	48,100	17,165
Payroll taxes and deductions	244	70,138
Fees invoiced in advance	1,637,260	1,521,924
Pupil deposits	132,130	124,558
Other creditors	63,674	43,822
Accruals	162,597	167,040
	<u>2,216,220</u>	<u>2,109,761</u>

## Analysis of deferred income:

	2021 £	2020 £
Deferred income at 1 September 2020	1,521,924	1,671,100
Resources deferred during the year	1,637,260	1,521,924
Amounts released from previous years	(1,521,924)	(1,671,100)
Deferred income at 31 August 2021	<u>1,637,260</u>	<u>1,521,924</u>

# 12 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loan	239,397	281,126
Bounce Back loan	43,333	-
	<u>282,730</u>	<u>281,126</u>

Included within the above are amounts falling due as follows:

	2021 £	2020 £
<b>Bank loans</b>		
Between one and two years	172,215	166,848
Between two and five years	107,182	114,278
Over five years	3,333	-

The accompanying accounting policies and notes form an integral part of these financial statements.

The bank loan commenced around November 2014 at base rate plus 0.95% and is repayable in 101 monthly instalments. The bank loan is secured by way of a letter of comfort from the Dean of Winchester.

The Bounce Back loan commenced in January 2021 and is repayable in 60 monthly instalments, after an initial repayment holiday of one year. Interest is charged on the loan at a rate of 2.5%.

### **13 Unrestricted funds**

	<b>General reserve £</b>
At 1 September 2020	4,124,528
Incoming resources	4,826,287
Resources expended	(4,968,957)
<b>At 31 August 2021</b>	<b><u>3,981,858</u></b>

### **14 Restricted funds**

	<b>The Gavin Roynon Chorister Bursary Fund £</b>	<b>Prizes Fund £</b>	<b>Total £</b>
At 1 September 2020	84,726	1,972	86,698
<b>Incoming resources</b>			
- Donations	12,500	-	12,500
- Interest received	1,811	-	1,811
<b>Resources expended</b>			
- Bursaries and prizes	(4,513)	-	(4,513)
<b>At 31 August 2021</b>	<b><u>94,524</u></b>	<b><u>1,972</u></b>	<b><u>96,496</u></b>

The Prizes Fund was established by donations to fund prizes for achievement.

The Gavin Roynon Fund was established in 2017/18 by an initial donation to provide financial assistance to choristers.

The accompanying accounting policies and notes form an integral part of these financial statements.



## 15 Allocation of net assets

### Current year

	Tangible fixed assets	Current assets	Current liabilities	Long-term liabilities	Total
	£	£	£	£	£
General fund	3,918,454	2,562,354	(2,216,220)	(282,730)	3,981,858
Restricted funds	-	96,496	-	-	96,496
	<u>3,918,454</u>	<u>2,658,850</u>	<u>(2,216,220)</u>	<u>(282,730)</u>	<u>4,078,354</u>

### Prior year

	Tangible fixed assets	Current assets	Current liabilities	Long-term liabilities	Total
	£	£	£	£	£
General fund	3,986,772	2,528,643	(2,109,761)	(281,126)	4,124,528
Restricted funds	-	86,698	-	-	86,698
	<u>3,986,772</u>	<u>2,615,341</u>	<u>(2,109,761)</u>	<u>(281,126)</u>	<u>4,211,226</u>

## 16 Taxation

The School is registered as a charity and there is no liability to taxation on its charitable activities.

## 17 Capital commitments

There was a capital commitment at 31 August 2021 of £43,016 relating to work on upgrading the school's changing room shower facilities (31 August 2020: £nil).

## 18 Operating lease commitments

At 31 August 2021 the School had future minimum rentals payable under non-cancellable operating leases as follows:

	Land and buildings	
	2021	2020
	£	£
<b>Non-cancellable lease commitments:</b>		
Within 1 year	181,990	208,465
Between 2 and 5 years	668,220	672,235
After more than 5 years	<u>23,400</u>	<u>178,425</u>

The accompanying accounting policies and notes form an integral part of these financial statements.



## **19 Contingent liabilities**

There were no contingent liabilities at 31 August 2021 or 31 August 2020.

## **20 Pension schemes**

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £365,749 (2020: £374,906) and at the year-end £nil (2020: £nil) was outstanding in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2014. 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.

As such, it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS 102 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2016 and the valuation report, which was published in March 2019, confirmed the employer contribution rate for the TPS of 16.4% would increase 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 judgement 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 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.

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 a remedy to the discrimination conclusion has been determined by the Employment Tribunal, 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.

For some non-teaching staff, the School contributes to a defined contribution pension scheme administered by Scottish Widows on behalf of the Incorporated Association of Preparatory Schools for which the

The accompanying accounting policies and notes form an integral part of these financial statements.

School's contribution is 5.5% of pensionable salary. All other eligible members of staff are auto-enrolled to NEST. The School contributed £16,663 (2020: £11,195) to the Scottish Widows Scheme and £15,394 (2020: £14,925) to NEST during the year. One staff member has a private scheme to which the School contributed a further £2,154 (2020: £8,217).

## **21 Trading income and expenditure**

The School does not participate in any trading enterprise other than occasional small lets and the sale of school uniforms.

## **22 Related party transactions**

The School operates as an independent company limited by guarantee under the ownership of The Chapter of Winchester Cathedral. The Pilgrims' School was registered as a private limited company with the Registrar of Companies for England and Wales, company number 4296085, on 28 September 2001.

Included in premises cost is rent of £155,000 (2020: £155,000) payable to the Chapter of Winchester. The bank loan is secured by way of a letter of comfort from the Dean of Winchester.

The Chapter has the right to appoint Governors of The Pilgrims' School (limited by guarantee). However, the School's results are not consolidated as the Chapter does not regard running the School as part of the ministry of the Cathedral and any financial surplus is not passed on to the Cathedral, save in the event of a dissolution or wind-up and only after all debts and liabilities have been settled.

During the year, School fees of £43,203 (2019/20: £48,209) were payable by the Raymond Freke Award Fund, of which the Director of Finance & Resources, Head and Chairman of the Governing Body are ex officio trustees. At the year-end a balance of £nil (2020: £64,117) was due from the fund

A Governor, Mr M Wilson, is the senior partner of Blake Morgan LLP. During the year, Blake Morgan provided £8,879 (2020: £31,865) of legal services to the School on an arms-length basis.

## **23 Controlling party**

Throughout the year the entity has been under the control of the Governors, a list of whom is disclosed in the Governors' report.

The accompanying accounting policies and notes form an integral part of these financial statements.