

Charity Registration No. 1102588

Company Registration No. 05010957 (England and Wales)

DENSTONE COLLEGE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

DENSTONE COLLEGE LIMITED

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DENSTONE COLLEGE LIMITED

COMPANY INFORMATION

DIRECTORS AND ADVISORS

Directors

Prof. N T Ratcliffe (Chairman)
Mr K P Threlfall (Chairman) resigned 4.7.2020
Mrs M M Amos
Mrs E L Bell
Mr J S F Cash
Mr M F Coffin
Mr A D Coley
Mr D A Cooper
Mrs J Dickson
Mrs E J Evans
Mr B W Hinton
Capt. M G Huddy
Mr C J Lewis
Mrs B McNally-Young
1102588

Charity No.

Company No.

Principal Address and Registered Office

05010957
Denstone College
Uttoxeter
Staffordshire
ST14 5HN

Key Management Personnel

Head

Bursar

Second Master

Mr M R M Norris
Mrs M A Walker
Mr J Hartley

Auditors

RSM UK Audit LLP
9th Floor, 3 Hardman Street, Manchester, M3 3HF

Bankers

Lloyds Bank
1 Pride Hill
Shrewsbury
SY1 1DG

Solicitors

Veale Wasborough
Narrow Quay
Bristol
BS1 4QA

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

Martin Kaye
The Foundry
Euston Way
Telford
TF3 4LY

Investment Advisers

UBS Wealth Management (UK) Limited
WC House
London, EC1 3BY

DENSTONE COLLEGE LIMITED

COMPANY INFORMATION

Insurance Brokers

Marsh
Capital House
1 to 5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* **YEAR ENDED 31ST AUGUST 2020**

The directors present their report and financial statements for the year ended 31 August 2020 and confirm they comply with the requirements of the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

The charity was formed in 2004 and is registered with the Charity Commission as charity number 1102588. The charity is a limited liability company and wholly owned subsidiary of The Woodard Corporation (charity number 1096270). The charitable company is incorporated in the United Kingdom. Directors of the Company are also Fellows (members) of the Woodard Corporation and participate in the election of its board of management and are committed to its charitable objects.

Note 34 provides details of connected charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The company is governed by Articles of Association as adopted by Special Resolution dated 2 July 2015 and 20 March 2013, replacing those dated 9 January 2004 amended by Special Resolution(s) dated 25 January 2006. They permit funds to be managed in such a manner as the directors see fit, provided that such powers are only exercised for the purposes of attaining the objects and in a manner which is legally charitable. The Articles of Association forbid the distribution of any property or funds, which are to be applied solely towards the promotion of the objects of the company.

Governing Body

The governors are the directors and charitable trustees of the company and comprise the governing body of Denstone College and are elected to hold office for five years. The school is governed by the governing body which operates using a number of committees. Membership of each committee is outlined on page 4. The governing body met four times during the year.

Recruitment and Training of Governors

All governors are Fellows of the Woodard Corporation. Fellows are responsible for electing the Woodard Corporation Board. Governors are recruited on the basis of nominations and selected when a post becomes available. The governing body look to ensure a mix of skills and select new governors on the basis of background, competence, specialist skills and, in the case of Fellows, Christian commitment. Governors are provided with induction training by the Head, Bursar and staff and a wider programme of training events is organised by the Woodard Corporation.

Where possible the governors consider that the skills and experience of the governing body should comprise the following:

- A Governor with a legal background.
- A Governor with a financial/accounting background.
- A Governor with education experience.
- A Governor with senior managerial or business experience.
- A Governor with experience of equal opportunities or disability needs.
- At least one female Governor and at least one male Governor.

One Governor may have one or more of these skills.

Volunteers

Governors are volunteers providing their time for free to support the governance of the school. The school also relies on a number of others, for example the Friends of Denstone, who help in fundraising, assist the College in events and provide help where required. The Governing Body would like to thank all the volunteers for their help and acknowledge the assistance given.

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Organisational Management

The school is governed by the governing body which delegates work to a number of committees. Membership of each committee is outlined on page 17. The directors determine the general policy of the company.

Finance Committee – this committee has a remit to consider and approve revenue and capital budgets, cash flow information and financial reports, including the financial statements. It also considers financial policies and the financial regulations. It makes recommendations to the governing body for approval. The Finance Committee met three times during the year.

Premises Committee – this committee develops the school's estates strategy, including capital developments and maintenance of the buildings and it makes recommendations to the governing body. It met once during the year.

Education Committee – this committee is responsible for oversight of the academic performance of the school and educational policy, as well as overseeing boarding and pastoral matters, making recommendations to the governing body. It met three times during the year.

Marketing Committee – this committee oversees the considerable marketing and admissions activities, setting strategy, agreeing marketing priorities and providing guidance to the College's marketing team. It also oversees the College website. It met twice during the year.

Personnel Committee – this committee meets with the HR Manager, the Head and the Bursar (when required) to discuss any HR issues and report to the Full Council of governors when necessary. Safer recruitment and the Single Central Register are also discussed. It met three times during the year.

Safeguarding Committee – this committee reviews, monitors and supports safeguarding within the College and makes recommendations to the Governing Body, not least for their annual approval of the Safeguarding policy each February. The Chair of this committee is in regular dialogue with the College's Designated Safeguarding Leads. It met three times during the year.

Credit Committee – this committee is responsible for oversight of the collection of debts, principally College fees, and enforcing sanctions when fees remain unpaid. The committee meets when required and reports to Council; it reviews any outstanding current pupil fees immediately prior to each of the three half terms. It also reviews specific cases as the need arises.

Compliance Committee – this committee supports the Head and Senior Management Team in executing the major function of the College, namely the education on its pupils in a safe environment, ensuring it meets its regulatory requirements and remains up to date with changes and the impact of these on the College. The Head of Compliance is part of this committee. It met twice during the year.

IT Committee – this committee is responsible for overseeing the College's computer hardware, software and various IT networks, development of IT in the classroom and the general safe use of IT and internet throughout the College. It meets on an ad hoc basis when required and reports to the Council when necessary.

Foundation Committee – this committee oversees both fundraising and friend-raising initiatives, particularly amongst alumni.

Remuneration Committee – this committee meets prior to the June Council meeting to recommend for approval by the Board the remuneration of key management personnel and to consider salary reviews generally, with the policy objective of providing appropriate incentives to encourage performance and of rewarding staff fairly and responsibly for their individual contributions to the College's success.

Enterprises Committee – as a result of COVID-19, this committee has not met in 2020.

The day to day management of the company is delegated to the Head and the Bursar as the Key Management personnel, overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the governors which provide for only significant expenditure decisions and major capital projects to be referred to the governors for prior approval.

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The Head oversees the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching support staff. The Head and Bursar are invited to attend governors' meetings.

The remuneration of key management personnel is set by the governing body, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the school'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 school remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The company has a wholly owned non-charitable subsidiary, Denstone College Enterprises Limited, the activities and trading of which are described below. Note 33 provides details of connected charities.

We have a thriving alumni group, the Old Denstonians, who are generous in supporting the work of the school and whose support we greatly appreciate. We also cooperate with many local charities in our ongoing endeavours to widen public access to the schooling we can provide, to optimise the educational use of our cultural and sporting facilities and to awaken in our pupils, in the public interest, an awareness of the social context of the all-round education they receive.

CHARITABLE OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The charity's objects, as set out in the Articles of Association, are to promote and extend education (including spiritual, moral, social, cultural and physical education) in accordance with the doctrines and principles of the Church. The Church is defined as being the Church of England and churches in full communion with the See of Canterbury.

Intended impact

Woodard schools strive for the best all round education of every aspect of each individual; they ensure high standards of religious education; and they see themselves as communities working together for the benefit of all members, and of the Church and the nation. They are strong Christian foundations which adhere to catholic belief as found in the Church, to Christian worship focused in the Eucharist, and to the care of each individual and the whole school community particularised in the ministry of the Chaplain.

Aims

Denstone College is a boarding and day school for pupils from the ages of 11 to 18. It aims to support children in reaching their potential in all areas of their activity at the school, and in the wider community. This may be in academic subjects but could just as easily be reflected in success in art, drama, sport, music or dance. We produce 'well rounded' individuals who are able to make a positive contribution to society. All Woodard schools aim to provide a rounded education to help the pupils to make their way in adult life.

Primary objectives

The primary objectives of Denstone College to fulfil these aims are:

- to provide a stimulating learning environment in which pupils can develop their academic potential to the full;

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- to provide a happy and secure pastoral environment in which pupils can learn to live together and thus foster a sense of community, respect for one other and good citizenship;
- to provide pupils with the opportunity to take advantage of a breadth of co-curricular activities in order to develop positively all aspects of their character;
- to provide pupils with the opportunity to take decisions based on their own judgment and to communicate those decisions appropriately and effectively;
- to provide financial support to enable children whose parents are unable to afford the full fees to benefit from a Denstone College education;
- to provide a clear, simple and effective management structure capable of taking timely decisions and allocating necessary resources appropriately, and
- to provide the necessary administrative and logistic framework to meet the needs of members of staff and pupils alike.

Strategies to achieve the primary objectives

- Embedding High Performance Learning into our teaching as we aim for World Class status during 2022.
- Curriculum review leading to the development of Computer Science at A level and the extension of the innovative LIFE programme.
- Further development of and support for our tutor programme.
- The introduction of a Head of Wellbeing into school.
- Extensive continuation of the co-curricular programme despite COVID-19 and the inevitable restrictions and appointment of key staff such as Directors of Rugby and Hockey.
- Review and alterations made to the shape of the week to develop the co-curricular offering.
- Overt celebration of pupil's achievements.
- Extension of the capacity for pupil voice by altering the structure of the Student Council.
- Development of fundraising activity and capacity of the school to develop bursarial funding as a result of a Governors' away day.
- Regular review of human resources to ensure efficient and effective practice, including the addition of further external HR support.
- Regular Governor-run and school-attended committees meet and feed into Full Council, delivering constant communication, confirming compliance and ensuring active decision making in a timely manner.

Principal Activities of the Year

The principal activity of the school is the delivery of education to pupils ranging from 11 to 18 years of age. We also run a number of summer school activities and the school is open at other times for use by the local community. Pupil numbers at the school during the year were as follows:

	2019/2020		2018/2019	
Senior School	602	(149 boarders)	612	(166 boarders)
	Boys	Girls	Boys	Girls
Senior School	355	247	367	245

Public Benefit

Within the objects, the school aims to create an environment to nurture children, to get the best from them and to allow them to develop and fulfil their potential. We provide them with a first class independent education and a wide range of sporting and artistic opportunities. Our public benefit aim is that all pupils will be self-confident and desire to contribute to the wider community. Denstonians (current and former) can reflect on our belief in Achievement, Confidence and Happiness, and the values instilled here of Honesty, Endeavour and Kindness so that they play a useful role in society, leading fulfilling and purposeful lives.

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In the furtherance of these aims the Denstone College governors, as the charity trustees, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

Our school welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that our school will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

Our school is a part of a wider community and we are keen that our staff and pupils participate. The College also offers a resource to support a range of educational activities for the benefit of local children attending state schools and their teachers. Our governors are committed to developing our programme of cooperation and joint working with local maintained sector junior and secondary schools. The activities undertaken and the success of our programme are explained in the 'review of achievements and performance for the year' section of this report.

Woodard and its schools provide a significant benefit to the public. The school strives to ensure that measures of public benefit are appropriate, and that significant sections of the public are not excluded from the opportunity to benefit from the education and facilities offered due to the need to pay a fee. In addition to significant provision of bursaries and other forms of financial support, the school provides a wide range of opportunities for community benefit and facilities and events are often open to all. Further detail of the public benefit offered is included in the section entitled 'Review of Achievements and Performance for the Year' below, page 8.

It is a key requirement of evidencing public benefit that any private benefit to individuals or elements of the charity will be incidental to the charity's objectives. An example of private benefit may be the reimbursement of travelling expenses for trustees attending training courses: any private benefit to individuals or elements of Woodard are incidental to delivery of the charitable objectives.

Concessions Including Bursaries & Scholarships

Our school does not have an endowment and in funding our concessions we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards. Further details of our concessions policies and how to apply are available on our website at <https://www.denstonecollege.org/admissions/fees>.

All criteria and policies relating to concessions are kept under review and are updated when necessary.

Bursaries

Bursary awards are important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education we offer. Our bursary awards are available to all who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk for example in the case of redundancy. In most cases the budget for bursaries is allocated using a "needs blind" approach as far as possible, whilst giving priority to the continuity of education of those pupils already at the school.

This year the value of means tested bursaries totalled £327k (2019: £444k) and represented 3.5% (4.3%) of our gross fees. They provided assistance to 59 (61) of our pupils of which 3 (4) pupils benefited from a full remission of fees.

Scholarships

The purpose of our scholarship awards is to recognise high academic potential or the ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the individual's academic

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potential or evidence of exceptional abilities which will contribute to our co-curricular activities. In addition, awards may be subject to conditions imposed by the original donor. Scholarships are considered at entry into 1st, 3rd and Lower Sixth years.

The school awarded scholarships to 195 (2019: 197) pupils, based on their educational merit and potential, totalling £403k (£366k) and representing 4.3% (3.5%) of our gross fees. Of this number, 25 also qualified for means-tested bursary support and are included in the figures relating to bursary awards.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the year as a result of reviews.

Employment Policy

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

Investment Policy and Objectives

The company's memorandum and articles of association permit funds to be invested in such manner as the directors see fit, providing that such powers of investment are only exercised for the purpose of attaining the objects and in a manner that is legally charitable. The College does not undertake any investment in quoted securities either for unrestricted funds or the Advanced Fees Scheme. Investment in quoted securities is limited to our restricted and endowed funds and these are managed through the Woodard Corporation.

Investment activities are managed in line with the requirements of the Trustee Act 2000. Our investment policy is to preserve the capital value of investments and maximise the return and income on all investments.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The key objectives for 2019/20 and performance against them *in italics* were:

1. To maintain a pupil roll in excess of 600. *602*
2. To develop from a High Performance Learning (HPL) Pathway School to achieve World Class status in a little over 24 months. *Progress continues, though slowed due to responding to COVID-19*
3. To continue to develop bursarial support for the most needy, in partnership with Royal SpringBoard, Staffordshire Virtual School and the Boarding School Partnership. *We welcomed our first Royal SpringBoard pupil in September 2019 and second in September 2020*
4. To review the school curriculum and staff development programme, aiming to improve overall academic performance. *Evolution of 'Shape of the Day' and HPL, although slowed due to COVID-19*
5. To continue to build links with local schools in both state and independent sectors. *Continuing although summer activities impossible due to COVID-19*
6. To further engage with, develop partnerships with and contribute on a charitable basis to members and institutions in the wider community. *Continuing and we have implemented a new system for finding and approving access to school facilities for charitable purposes*
7. To achieve a year-end surplus, before depreciation, in excess of 5% of net fee income to steadily restore cash balances. *The school moved to online learning as a result of COVID-19 in March 2020 and closed to external lettings. This impacted both income streams. Our deficit was managed to a minimum using the coronavirus job retention scheme and minimising all costs.*

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Impact of Coronavirus Pandemic

Schools were ordered to close to all except the children of 'Key Workers' in March 2020 and much of the education was moved online. In brief, the impact has been to raise the level of uncertainty and risk for the whole education sector.

Denstone College adapted well to the new situation and was able to offer a full remote learning experience. This was well received by pupils and parents alike. The College reduced the fee for the Summer Term and created a new Remote Learning fee. This cost circa £0.8m. The Governors also opted not to raise fees for 2020/21 and to freeze employees pay to contain costs.

The Government Coronavirus Job Retention Scheme was utilised and over 100 members of the team were furloughed at various times between March and beyond the financial year-end. Restructuring of the operational teams has resulted in some redundancy and cost savings. The College also made use of payment holidays offered by the Government (VAT, PAYE and Teachers Pension) to delay £0.7m of cash into the next financial period, resulting in a beneficial closing cash balance. The payment holidays will be fully caught up by February 2021 and are budgeted for.

The College was closed to lets at the peak periods of Easter and summer, resulting in £96 gift aid contribution from Denstone College Enterprises Limited. The budget had been circa £0.1m.

The impact on the financial results for the year to 31st August 2020 has been significant and results in a deficit of £0.25m after all mitigations.

The majority of pupils returned in September 2020, including boarding and international pupils. The school made a number of adaptations to make social distancing possible, including clearly marked one-way systems, two metre floor markings, maximum occupancy signage for rooms and bathrooms. Many other adjustments have also been made, for example: awareness video created to educate the students, non-contact greetings promoted, seating plans for classrooms and on transport, staggered lunchtimes allowing extra cleaning time between sittings, year group bubbles created, with separate zones for each year, different drop-off and pick-up points for different year groups. Also, the promotion of hand cleaning with regular communication and posters, hand sanitisation points at all entrances and in communal areas, foot-operated and lidded bins, extra training and PPE equipment for domestic services staff and increased frequency of cleaning, especially communal areas and high volume common touch points e.g. doors. Vehicles are also being cleaned more regularly. Classrooms and communal areas have supplies of sanitiser, tissues and cleaning products. We have erected screens in some facilities e.g. IT classrooms and the Dining Hall to ensure social distancing. Sports fixtures against other schools have ceased. Our own students pursue activities outside wherever possible. We have had periods of closure for certain areas of the school, in line with guidance issued by Government and other professional bodies, for example the swimming pool, golf course and gymnasium. We have stopped external lets from using our facilities. Face coverings are required, we have focussed on ventilating rooms and vehicles and also asked students to minimise personal items being brought into College. Shared resources are also minimised and thoroughly cleaned where they are necessary. Most staff meetings take place on-line and continue to be held regularly to keep all informed. Staff wellbeing is of paramount importance. There is a dedicated space for isolation. We have a QR code for use by visitors. We make less use of whole school facilities' like Chapel, creating virtual events instead to ensure our community continue to have a full and varied experience and remain connected. We have held virtual open days to welcome prospective students and their families.

The school is currently full, not least because of the success of our online learning provision, however, the full extent of this pandemic remains to be seen as fee payers' businesses struggle to cope with the prolonged timeline and preventative measures.

School Performance and Achievements

During the year we educated an average of 602 children between the ages of 11 and 18. The school offers a wide curriculum and educates children with a relatively broad range of ability. The educational performance of the school was excellent, as demonstrated by the public examination results. GCSE/IGCSE candidates at the school achieved a 97% pass rate at grade 4 or above, of which 53% of entries were graded a grade 7 or higher, and at A Level 97% of grades were A to C, of which 52% of entries achieved grades A* or A. With the cancellation of the summer 2020 exam series these grades were awarded according to Ofqual's replacement system of Centre Assessments

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Grades. These results are well above the national average for all schools and in line with the average performance of independent schools. A large majority of our students moved on to higher education, achieving their first choice destination. The College aims to help pupils to make their way in adult life. Of the 80 students going on to university, 57% gained places at Russell Group Universities. We had one successful Oxbridge candidate and once again our students are going on to study a broad range of courses at good quality universities.

We continue to improve facilities through constant investment in the fabric of the buildings and assets, and programmes to provide the best facilities to support teaching and learning.

Arts, Music and Drama

One of the important elements of any Woodard school is the concentration on arts, music and drama. Denstone College is involved in all different aspects of these activities and the inter-house 'Cultural Cup' has been a great success, continuing to run in a modified form despite the COVID-19 disruption.

The daily musical life of the College has continued to be busy and rewarding. As well as the main large ensembles of the Chapel Choir, College Orchestra and Swing Band, pupils have had the opportunity to join a whole host of music groups including Girls' Chamber Choir, Men's Choir, Brass, Flute and Saxophone Groups, Percussion and String Ensembles, a Music Tech and Composition Club, and a Rock Band activity. We encourage pupils to get involved in vocal groups, bands and ensembles covering all different genres and styles of music from the western classical tradition, to jazz, to rock and pop. The department has delivered around 200 individual music lessons a week, and seen a number of notable successes in ABRSM exams, including several Grade 8s, and a high number of Merits and Distinctions. The Music Department has hosted a wide range of concerts over the course of the academic year, including a number of informal concerts that have been extremely well attended, becoming very popular with both performers and audience alike. Large concerts such as the Christmas 'Winter Wonderland' concert were well attended, and gave the College ensembles an excellent opportunity to demonstrate the high standard of their playing. We have also seen successful contributions outside of the College, including external concerts, and a strong entry into the Woodard Young Musician of the Year competition, including a finalist. Curriculum lessons continue to develop the wider musical experience of the whole College, and offer an exciting range of performing and composing opportunities.

From March, with the College in lockdown, the Music Department continued to offer a range of musical activities through online formats, including a Chamber Choir and a Choir. Weekly virtual recitals were held, with pupils contributing recordings from home. Curriculum lessons were inventive and well attended, giving the pupils the opportunity to continue to learn and perform from home. This learning, crucially, continued to be fully musical, with plenty of practical activities. The superb Middle and Senior School Show was 'Sister Act', where quality performances were again played out to full audiences over four sell-out nights. The Junior School show was 'The Lion, The Witch and the Wardrobe'. Sadly, despite the efforts of 68 children from First to Third form, COVID-19 prevented this theatrical experience from taking place. Fortunately, the Second Form House Drama Festival was able to take place. This featured a series of plays performed by Second Form, but written and directed by the Lower Sixth Form. Those taking GCSE and A Level were also still able to perform a variety of different productions as a part of their curriculum assessments. We managed to squeeze the final shows into the Lent Term before we went into lockdown. The introduction of LAMDA lessons and exams has proven to be a complete success and we are now at full capacity: we have 42 students taking lessons. Although the exams were cancelled for the summer term, these are due to take place in December 2020. In early March, we took members of our Festival Theatre Group to The Newcastle Festival. The performers did exceptionally well in a number of different categories. Sadly, we were unable to take part in The Edinburgh Fringe Festival as planned: but our 5th and 6th Formers worked extremely hard to produce a piece of theatre that would have received glowing reports.

Opportunities are provided for pupils of all ages, both on stage and behind the scenes in wardrobe, stage management, or on the technical sound and lighting side. There are regular theatre and music trips, particularly but not exclusively for drama and music students.

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Sport

The enormous range of opportunities offered at Denstone College reflects the integral role sport plays within College life. Denstone Sport continues to grow in success, both in terms of participation and elite performance.

Yet again the 1st XV rugby team enjoyed an unprecedented level of success this season, winning all but two fixtures with reverses only against Sedbergh and Kirkham. Our Juniors have grown in strength, with some former competitor schools having to drop us from their fixture list because of the quality of our Junior teams. The College have again had their best ever performance in the St Joseph's National Festival. We continue to have the highest number of boys from one school in the Leicester Tigers U18 Academy.

Hockey continues to be a popular and growing sport for girls and boys in the Michaelmas and Lent Terms respectively. The current strength is at Under 14 level for both boys and girls. We currently have 3 boys and 4 girls in the England Hockey Player Pathway, attending the England Hockey Midlands Performance Centres (PC). One pupil has just been selected for England U16s girls.

The College has continued to develop its cricket programme in both participation and performance. We have developed even stronger links with Staffordshire and Derbyshire. Derbyshire 1st XI trained here last summer and there are plans for the Staffordshire 1st XI to play fixtures at the College in the future. Cricket is now unisex with seven girls representing the College in the Junior age groups and one on the England Performance Pathway.

The standard of, and interest in, tennis has risen dramatically over the past few years and has led to the building of new courts and a growing fixture list. Teams are now being entered into the National AEGON championships, both genders, as well as competing in the Derby Club League. Our tennis coach is now providing four afternoons of coaching all year round.

In netball, we regularly field 19 teams and have improved the quality of our fixture lists due to the amount of girls wanting to represent the College. We have also improved the quality of our netball coaching provision as the sport grows in popularity, with both training and matches now taking place in the Michaelmas and Lent Terms.

Lacrosse also continues to grow in popularity. We have 2 teams at 1st and U15 age groups. Some of the girls also train alongside the City of Stoke Lacrosse Club one evening a week and also play in fixtures for the Stoke Ladies team. One girl has been selected for U15 and U18 Shropshire County Lacrosse and is currently on the England Lacrosse Talent Development Pathway.

Athletic Development at Denstone continues to be an industry leader with regular visits from other schools. We have specialist coaches running an impressive strength and conditioning routine to run alongside pupil's opportunities in the cardiovascular (CV) gym. The thoroughly enjoyable annual Sports Day at the end of summer term usually provides a high level of pupil participation and inter-house competition, although in 2020 this event proved impossible due to lockdown.

Denstone has its own 9-hole course and golf continues to provide an alternative activity for a number of pupils. A significant improvement in our golf infrastructure and full time coaching is currently under consideration with a view to competing in golf on the national stage.

Community

Through development of, and provision of access to, our facilities, Denstone College remains at the heart of the community. Facilities, which are often offered at rates below commercial levels, that are made open to the public include:

- Our new all-weather cricket nets that are made available to both local senior and junior clubs, often along with coaching to participants.
- Our swimming pool, which is made available to local swimming clubs and to Staffordshire County Council for use by local primary and middle schools.

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- In addition to swimming lessons for our secondary age pupils, we provide 'Learn to Swim' teaching lessons for local children aged between 2 and 8, with over 300 participating, although naturally these were curtailed for periods of the year due to COVID-19.
- The Sports Hall is made available for local groups across various sports and leisure activities.
- Both our grass and all-weather sports pitches are recognised as being of high quality. There are regular fixtures against local schools in a variety of sports, with the outside community also able to use these facilities. Various youth groups and child sports clubs enjoy evening sessions, particularly on our floodlit all-weather pitch.
- We regularly host county, and indeed regional, hockey, rugby and cricket matches and trials, including some national cricket trials at various age levels.
- The local community are welcome to attend our Carols by Candlelight and other Chapel services and our drama and musical performances, either in the theatre or Chapel, are open to members of the village community, upon request – although external audience events have been limited since March due to COVID-19.
- The College allows some 80 associate members from the local community to enjoy our golf course facilities.
- Local primary and prep schools make use of our classroom, art and science blocks together with our teaching resource as part of their own curriculum development.
- Subject to the necessary permissions, we can host wedding ceremonies and receptions.
- In normal times, through our Enterprise Company, we provide our facilities to children and adults in various sport and general activity groups during the school holidays.

Other Activities undertaken in the Community

These include the many that benefit from the fundraising efforts of our pupils and staff, and from volunteer work locally and further afield. The Choir regularly sing at a local nursing home and pupils involved in the 'Everyone Can Help Someone' activity also visit another local nursing home. Members of the College Combined Cadet Force (CCF) contingent meet with local Army, Air Training and Sea Cadets in competition. Local cadet forces and Uttoxeter Rifle Club use the outdoor range. Pupils embarking on their Duke of Edinburgh Awards regularly visit the elderly and help with local projects. Our Directors of Rugby and Hockey are in regular contact with local clubs. We continue to value our links with the local community and make facilities available to them.

Outreach

The College has significantly increased its outreach and partnership work in the last two years. We continue to extend our classroom teaching provision to some Lower and Upper Sixth Form pupils from Painsley Catholic College in Cheadle and Thomas Alleyne's High School in Uttoxeter, who come to Denstone College for some of their Music and French classes. We also work in partnership with Painsley to provide placements for PGCE students, and have recently waived the associated £3,500 payment due to us from Painsley. Pupils from local state schools are invited to various free UCAS, Careers and Oxbridge preparation sessions. Staff from local state schools are regularly invited to INSET at the College, free of charge. We have also seconded members of our Drama and MFL staff to local state schools to support and advise an incoming Head of Department.

Many students undertake community based projects as part of their DofE Awards and other general charitable activities. Our Head of Outdoors Pursuits has gained permission for Denstone to act as the DofE Licensed Organisation for 2 disabled pupils from other schools so that they can complete their DofE Awards, which are not offered at their schools, through us. We also host free coaching sessions for various local rugby clubs, including this year Ashbourne, Burton and Mansfield Rugby Clubs, and we are now looking to extend similar opportunities to hockey clubs.

The charity is continuing to develop wider community links.

Wider Experiences

There were again many school trips, although a number of these later in the year were cancelled due to COVID-19. For example, 5th Formers studying French again visited Nice, 5th and 6th Form historians visited Berlin and Krakow, and the usual large cohort of pupils were due on the annual ski trip to Alpe

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

d'Huez in late March. Younger pupils enjoy Challenge Academy days and a trip to the National Space Centre, for example. Pupils in our Dedicated Athlete Scheme enjoyed various trips, including to St George's Park.

Combined Cadet Force (CCF), Duke of Edinburgh (DofE) Awards and Outdoor Pursuits

From 4th form upwards, all pupils have the opportunity to join the CCF, which has an Army and RAF section within the contingent. Currently over 120 students take part in the CCF. They enter many Brigade-run competitions and have previously been winners of the CCF Cadet Skills at Arms Meeting and overall best CCF in the Cadet Target Rifle Competition. The CCF runs a Field Day exercise every term at Swynnerton or Leek military training areas and attends an annual camp during the summer holidays. This is a week-long and can be anywhere in the country, and are run by the Cadet Training Team and held at current military bases, with regular Army or RAF instructors. Denstone College CCF is regarded as one of the best contingents within the brigade area and is well staffed with 8 Officers, drawn from the teaching staff. Our Remembrance Service was again very poignant this year.

DofE remains a big part of the activities programme. Over 70 pupils take part in Bronze award, 42 Silver and over 30 are aiming to complete Gold. Completion rates are improving and 5 pupils were due to attend St James's Palace to receive their Gold awards from HRH Prince Edward. 6 staff ensure the delivery of the syllabus to the students and help with the provision of the expeditions in holidays and over the exeats. Over lockdown, pupils adapted their section activities and were able to volunteer locally and show support for the NHS and local communities. The expeditions over the Summer Term were postponed to Michaelmas and involved day walks from school with no overnight camping. All pupils and parents were very supportive of this opportunity to complete the expedition section.

Outdoor pursuits continue to thrive at Denstone. The Sunday climbing club is well supported with a number of pupils working towards their NICAS and NIBAS awards. All 2nd Form will begin to take part in the NICAS scheme in the activities programme from Lent Term. 42 pupils were due to take part in a 3-week expedition to Kenya taking part in treks in the rift valley, participating in community projects, environmental projects and lots of challenging activities, but this was unfortunately cancelled due to COVID-19. Trips out have included mountain biking days at Cannock Chase, all the 2nd Form have been to the high ropes courses at Baggeridge and paddle board sessions in the school pool. The main Outdoor Pursuits programme was cut short with lockdown unfortunately, but many positive opportunities were provided across the school year as a whole, nevertheless.

Charitable Activities

As well as chapel collections, students take part in a wide range of sponsored events and fundraising activities. They are given the opportunity to nominate often local beneficiaries and this year, monies raised from home clothes days have been donated to a variety of organizations, including The British Legion, the RNIB, Endometriosis UK and Cancer research UK. Another example of such work would be the annual Christmas food bank collection, which pupils and staff enthusiastically support.

Fundraising Performance

No major fundraising initiatives were undertaken this year but a major campaign is planned for 2020/2021. There was, however, a request at the start of the first COVID-19 lockdown, in April, for help to contribute financially with our DT Department's effort to make visors for local Hospitals, GP Surgeries, Care Homes and Hospices to help in the efforts to keep staff, patients and residents safe; along with other projects to support the community. This request went to alumni, staff and parents and resulted in donations of £9,493 from 47 donors, 42 of whom signed Gift Aid declarations. No costs were incurred as all requests, communication and payments were electronic. We were grateful to receive the £10,000 donation from the OD Club for our Royal SpringBoard initiative. Our first SpringBoard pupil arrived into Lower Sixth in September, 2019 and our second is arriving in September, 2020, again in to Lower Sixth. We also received a £2,000 legacy from the will of an OD (Philips 1938-46) along with a handful of other, smaller, donations. Unfortunately, our planned 'fundraising' events were hit by the pandemic and both the Reunion for the Leavers of the 1980s & 1990s

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(due to take place on 2nd, May, 2020) and the 10 year Reunion for the 2010 Leavers (due to take place on 4th July, 2020) were postponed. We did hold a successful OD Medical Society Meeting in October, 2019 – involving 8 ODs and 24 pupils - but our OD Lawyers' Society trip for pupils to Stafford Crown Court on 20th March, 2020 was also postponed.

Investment Performance Against Objectives

The College does not undertake any investment in quoted securities either for unrestricted funds or the Advanced Fees Scheme. Investment in quoted securities is limited to our restricted and endowed funds and these are managed through the Woodard Corporation.

Key Performance Indicators

The Key Performance Indicators (KPIs) used by the school are:

KPI	Target	Actual
Surplus	5% of net fees	COVID-19 related deficit of £0.25m
Pupil Numbers	600	602
Total salaries to net fees	73% of net fees	82% (COVID-19 fee reduction)

COVID-19 has impacted the KPI's as we invoiced a lower remote learning fee and were closed to letting customers during holidays.

Statement on Brexit

Following the outcome of the UK referendum on European Union membership, the UK left the European Union on 31st January, 2020. In preparation for this date, and in anticipation of the transition period, the school reviewed operations to understand and plan for the initial impact from Brexit. Guidance was also available from a number of sources including the Independent Schools Bursars Association. At this stage it is not possible to implement comprehensive policies for all possible changes as the future trade, visa and travel agreements are not yet in place. The school will continue to work with relevant authorities, staff, parents and suppliers to fully understand the impact in all areas including particularly visa requirements, the supply chain and data handling and protection, in order to minimise risk and potential disruption. Denstone College has a relatively small number of international boarders, predominantly non-EEA, therefore any impact on student numbers and fee income would be minimal. Feedback from our European agents would suggest that the new visa requirements for EU students is also not being seen to have an impact on parents' decisions to educate in the UK.

FINANCIAL REVIEW

Results for the Year

The net incoming resources for the year amounted to £9.6m. The unusual year resulted in a deficit of £0.25m. This was below our targeted position due to the impacts of COVID-19. The school reduced fees for the Summer term and charged a fee for a remote learning provision instead of the Day or Boarding fees. This, in part, to recognise the hardship being faced by our community, our customers. We made use of the Government Coronavirus Job Retention Scheme and furloughed just over 100 members of our team at the maximum at various points between March and the following academic year.

Our trading company hires out Denstone College facilities during term time and non-term time and also undertakes commercial activity such as uniform and sportswear sale. Unfortunately, COVID-19 has impacted the trading company significantly this year and the company made only £96 contribution to the school's finances; this is atypical.

The parents of our pupils often make significant sacrifices to pay the fees. In doing so they help to relieve the state of the financial burden of educating 579 UK based children. The saving is estimated to have a value in the last year of £3.7m. The school is also unable to recover the VAT on purchases it

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makes. During the past year, Denstone College has paid an estimated £0.3m in irrecoverable VAT on goods and services.

In addition to the very substantial benefits our school brings to our pupils, the local community and society through the education we offer, our bursary programme and scholarships create a social asset without cost to the Exchequer.

Denstone College provides pensions to some staff. There are two schemes, as in prior years, detailed in note 28.

Reserves Level and Policy, and Financial Viability

Denstone College's policy is to retain sufficient unrestricted income reserves to enable the company to continue to meet its short-term financial obligations in the event of an unexpected revenue shortfall. To meet this policy, the school aims to make and retain an overall surplus of 3-5% in the short term to build up free reserves.

The balance sheet contains a number of non-cash and longer term liabilities, including those related to pensions. These items are excluded from consideration of the available reserves. Unrestricted funds decreased by £216k to total £5,528k, as shown in note 24, this being COVID-19 related. Denstone College plans to fund longer term capital expenditure and meet long term liabilities through careful management of resources and investments, through building reserves through operations and trading and through securing loans specifically to bring the preparatory school on-site. The company's unrestricted reserves are primarily invested in tangible fixed assets which are all used for its direct charitable activities.

In common with most independent schools, and due to having to fund their own capital investment plans, free reserves are at a negative balance illustrating the extent of the investment in our school. The school's total reserves of £5.9m at the year-end included £0.3m of endowed funds, £0.1m of restricted funds and £5.5m unrestricted designated funds. Denstone College also reserves for £152k of pension-funding deficit. Fixed assets held for charity use totalled £8.4m (2019: £8.7m), leaving free reserves of -£2.9m (2019: -£2.9m) at the year-end. The school's financial viability does not depend on income reserves but in its ability to continue to trade at a surplus on an annual basis, and on the substantial portfolio of fixed assets held for operational use. The school does not have, and cannot rely on, permanent endowments.

PRINCIPAL RISKS AND UNCERTAINTIES

It should be noted that these financial statements were compiled during the COVID-19 global pandemic and before a vaccine was confirmed. Like most trustees, the governors keep under consideration the impact of a catastrophic event on the school's ability to continue, but that event may come about from many causes and being specific about the source is not possible. The consideration of risks in the paragraphs below is therefore reflective of a more stable environment and does not specifically look at the pandemic, or other similar events, but offers a wider view of common events plus a specific risk looking at those events that could impact the continuity of education.

The governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risk faced by the school. The school is currently full, but there is no room for complacency. The governing body decided last year to increase fees in September 2019 by 3.5%. For September 2020 the governing body held fees flat to assist families impacted by COVID-19.

Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the school is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

The potential loss of business rates relief is also considered a financial risk, as is the potential for VAT on school fees and, of course, the actuarial reviews and impacts on the Teachers' Pension Scheme.

The governing body is responsible for the identification and management of risks. The major risks to which the charity is exposed, as identified by the directors, have been reviewed and systems or procedures have been established to manage those risks. Detailed examination of the risks and

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DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2020

establishment of controls to mitigate them is delegated to the Senior Management Team. A formal review of the risk management processes is undertaken annually.

The principal risks to which the school is exposed include those affecting protection of pupils and security and preservation of charitable assets both now and in the future. Significant risk areas:

- the governors consider possible catastrophic events and ensure that the school has a plan in place to allow education to continue in a range of different scenarios
- the market in which the school operates is highly competitive and we monitor developments in education to ensure that pupils always receive a first class, holistic and varied educational experience in our school
- we strive to ensure that all staff are able to work in a safe and supportive environment and policies, procedures and training in Human Resource management and Health and Safety help to ensure that the school meets expectations
- the school operates in a highly regulated sector, including in matters of child protection, and we appoint appropriate professional advisers to ensure that we can keep up to date with all requirements; school or individual membership of bodies being the constituent associations of the Independent Schools Council also ensure that we have access to up to date information and support
- the school operates in an increasingly litigious environment and we appoint appropriate professional advisers and purchase insurance using specialist brokers and advisers to ensure that we can keep up to date with all requirements and meet all challenges
- all organisations face difficult economic conditions and directors and senior managers in the school keep abreast of economic conditions locally, nationally and internationally to identify trends and develop plans to address issues

The key controls used by the school include:

- formal agendas and minutes for all meetings of the governing body and committees
- terms of reference for all committees
- comprehensive strategic planning, financial forecasting, budgeting and management accounting
- established and identifiable organisational structures and reporting lines which are regularly reviewed
- comprehensive formal written policies
- clear authorisation limits
- vetting procedures, as required by law, for protection of the vulnerable

Financial risk management objectives and policies

The school uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from operations.

The main issues arising from the group's financial instruments are liquidity risk and interest rate risk. The school's directors adopt policies for managing each of the risks and these are summarised below:

- Liquidity risk – the school seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by negotiating adequate facilities from our bank.
- Interest rate risk – the school finances operations through a mixture of retained surpluses and use of a bank facility. The exposure to interest rate fluctuations is managed by day to day monitoring.

GOING CONCERN

As at 31 August 2020, the group was in a strong balance sheet position, with net assets of £5,948,996 (2019: £6,199,086). The governing body is aware however that net current liabilities stand at £2,049,110 (2019: net current liabilities of £1,958,877); included within creditors less than one year are fees in advance, which will be taken to income during 2020-21.

The governing body has reviewed in depth the impact of the global pandemic on school operations and finances. In summer term of 2019-20 the financial impact was mitigated through use of the various elements of support provided by the Government including the furlough scheme. It has brought challenges in terms of letting school premises and facilities, which is dependent on groups of people

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DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

being able to visit the school site safely and in line with government guidelines; from mid-March 2020 to the date of approval of these financial statements, it has not been possible to let premises and facilities to external parties with a few minor exceptions like swim school. The governing body recognise that the financial implications in 2019-20 brought about as a result of the pandemic will continue into 2020-21, and possibly beyond, and continues to rework plans for the coming year, to ensure the financial impact on the school continues to be mitigated in the most appropriate way.

The governing body has also given due consideration to the plans in place for a merger of activities with Denstone College Preparatory School at Smallwood Manor, a small independent preparatory school nearby with whom Denstone College has historically worked very closely, and from where a substantial number of pupils of Denstone College are recruited. The trade and certain business assets of Denstone College Preparatory School at Smallwood Manor will be gifted to Denstone College on 1 September 2021 (or as soon as legally possible) . Detailed due diligence has been performed by Denstone College in respect of this planned merger of activities, and the governing body are confident that the financial impact can be dealt with comfortably, through guaranteed support of up to £550k from the parent company Woodard Corporation and through a new loan facility from the existing bankers Lloyds, with whom Denstone College have long had a supportive working relationship. This is in addition to the existing overdraft facility in place with Lloyds of £750k, which the governing body understand, through discussion with the bank, will be renewed at the same level during February 2021.

Performance of detailed financial modelling, including 18-month cashflow forecasting, demonstrates that through a combination of continually strong pupil numbers, a gradual uptake of holiday-time lettings and the use of external facilities for sporting events as government guidelines are relaxed, bank balances held, and the financial support offered by both the parent company Woodard Corporation and Lloyds Bank (as detailed above), the school has sufficient cash to remain a going concern for at least 12 months from the anticipated date of signing these accounts. The directors have therefore prepared the financial statements have on a going concern basis. Further details related to the adoption of the going concern basis can be found in the accounting policies on page 27.

FUTURE PLANS

The governing body's current five year strategic plan is reviewed on an annual basis. The key objectives of the current plan are:

1. To establish new markets for the school so that pupil numbers can be increased to be consistently above 600 year on year
2. To ensure the success of the preparatory school that opens on site in September 2021
3. To continue to embed High Performance Learning as a positive tool to enhance the education experience
4. To continue to build reserves to ensure resilience in difficult times
5. To develop our fundraising activities to offer further bursarial support and develop school facilities

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

DIRECTORS

The directors who served during the year, and the committees of which they are members, are:

Mr K P Threlfall (Chairman)	Resigned 4 July 2020	Finance, Remuneration, Foundation (Also invited to attend other committees in his capacity as Chair)
Prof. N T Ratcliffe (Chairman)	Appointed as Chair 5 July 2020	Finance, Education, Marketing, Personnel, Foundation, Remuneration, Compliance (Also invited to attend other committees in his capacity as Chair)
Mrs M M Amos		Finance
Mrs E L Bell		Education, Personnel, Compliance
Mr J S F Cash		Premises, Compliance
Mr M F Coffin		Finance
Mr A D Coley		Premises, Remuneration, Enterprise
Mr D A Cooper		Education, Compliance
Mrs J Dickson		Safeguarding, Foundation, Compliance
Mrs E Evans		Premises, Marketing, Enterprise
Mr B W Hinton		Education, Marketing, Safeguarding, Personnel, IT, Foundation, Remuneration
Capt. M Huddy		Premises, Safeguarding, IT, Foundation
Mr C J Lewis		Finance, Marketing, Credit, Enterprise
Mrs B McNally-Young		Personnel, IT,

None of the directors has any beneficial interest in the company.

Denstone College buys trustees and officers insurance on behalf of the directors.

AUDITORS

RSM UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

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DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that 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 company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements 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; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

Approved by the Board of Directors of Denstone College on 11 January 2021, including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Prof. N T Ratcliffe
CHAIRMAN

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED YEAR ENDED 31ST AUGUST 2020

Opinion

We have audited the financial statements of Denstone College Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 August 2020 which comprise the Group and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the 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 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 group's and the parent charitable company's affairs as at 31 August 2020 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 have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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.

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED *YEAR ENDED 31ST AUGUST 2020*

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 Directors' Report and the incorporated Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the incorporated Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 Statement of Directors' responsibilities set out on page 18, 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 Directors are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent 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.

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

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED *YEAR ENDED 31ST AUGUST 2020*

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.

Dale Thorpe (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
9th Floor, 3 Hardman Street
Manchester
M3 3HF

12 January 2021

DENSTONE COLLEGE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2020 £	2019 £
Income and endowments from:						
Charitable Activities						
School fees receivable	2	8,391,692	-	-	8,391,692	9,125,911
Ancillary trading income	3	557,683	-	-	557,683	782,593
Other trading activities						
Non-ancillary trading income	4	113,220	-	-	113,220	450,725
Investments						
Investment income	5	-	3,163	9,683	12,846	16,181
Bank and other interest	6	130	-	-	130	65
Other – Grants and donations						
Grants and donations	7	<u>552,802</u>	<u>-</u>	<u>-</u>	<u>552,802</u>	<u>282,542</u>
TOTAL INCOMING RESOURCES		<u>9,615,526</u>	<u>3,163</u>	<u>9,683</u>	<u>9,628,372</u>	<u>10,658,017</u>
Expenditure on:						
Raising funds						
Non-ancillary trading	8	129,894	-	-	129,894	190,175
Financing costs	9	60,733	-	-	60,733	128,649
Investment management		-	1,904	525	2,429	2,454
Fundraising and development		<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>475</u>
TOTAL DEDUCTIBLE COSTS		190,647	1,904	525	193,076	321,753
Charitable Activities						
Education and grant making	8	<u>9,640,946</u>	<u>-</u>	<u>9,683</u>	<u>9,650,629</u>	<u>9,919,576</u>
TOTAL EXPENDITURE		<u>9,831,593</u>	<u>1,904</u>	<u>10,208</u>	<u>9,843,705</u>	<u>10,241,329</u>
Net gains/(losses) on investment assets	14,15	<u>-</u>	<u>(6,225)</u>	<u>(28,533)</u>	<u>(34,758)</u>	<u>(1,265)</u>
Net income/(expenditure)		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Net movement in funds for the year		(216,067)	(4,966)	(29,058)	(250,091)	415,423
Fund balances at 1st September 2019		<u>5,744,223</u>	<u>138,652</u>	<u>316,111</u>	<u>6,198,986</u>	<u>5,783,563</u>
FUND BALANCES AS AT 31ST AUGUST		<u><u>5,528,156</u></u>	<u><u>133,686</u></u>	<u><u>287,053</u></u>	<u><u>5,948,895</u></u>	<u><u>6,198,986</u></u>

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 26 to 49 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2020 £	2019 £
Income and endowments from:						
Charitable Activities						
School fees receivable	2	8,391,692	-	-	8,391,692	9,125,911
Ancillary trading income	3	451,161	-	-	451,161	616,986
Other trading activities						
Non-ancillary trading income	4	58,383	-	-	58,383	192,468
Investments						
Investment income	5	-	3,163	9,683	12,846	16,181
Bank and other interest	6	78	-	-	78	28
Other – Grants and donations						
Grants and donations	7	552,898	-	-	552,898	371,326
TOTAL INCOMING RESOURCES		<u>9,454,212</u>	<u>3,163</u>	<u>9,683</u>	<u>9,467,058</u>	<u>10,322,900</u>
Expenditure on:						
Raising funds						
Non-ancillary trading	8	-	-	-	-	-
Financing costs	9	53,292	-	-	53,292	116,688
Investment management		-	1,904	525	2,429	2,454
Fundraising and development		20	-	-	20	475
TOTAL DEDUCTIBLE COSTS		<u>53,312</u>	<u>1,904</u>	<u>525</u>	<u>55,741</u>	<u>119,617</u>
Charitable Activities						
Education and grant making	8	9,616,966	-	9,683	9,626,649	9,786,595
TOTAL EXPENDITURE		<u>9,670,279</u>	<u>1,904</u>	<u>10,208</u>	<u>9,682,391</u>	<u>9,906,212</u>
Net gains/(losses) on investment assets	14,15	-	(6,225)	(28,533)	(34,758)	(1,265)
Net income/(expenditure)		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Net movement in funds for the year		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Fund balances at 1st September 2019		<u>5,744,223</u>	<u>138,652</u>	<u>316,111</u>	<u>6,198,986</u>	<u>5,783,563</u>
FUND BALANCES AS AT 31ST AUGUST		<u><u>5,528,156</u></u>	<u><u>133,686</u></u>	<u><u>287,053</u></u>	<u><u>5,948,895</u></u>	<u><u>6,198,986</u></u>

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 26 to 49 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31ST AUGUST 2020

	Notes	Group 2020 £	2019 £	Charity 2020 £	2019 £
FIXED ASSETS					
Tangible assets	13	8,403,902	8,669,450	8,403,902	8,669,450
Securities investments	14	376,823	414,533	376,923	414,633
		<u>8,780,725</u>	<u>9,083,983</u>	<u>8,780,825</u>	<u>9,084,083</u>
CURRENT ASSETS					
Stock		127,238	90,454	0	13,187
Debtors	15	243,893	694,425	456,668	896,544
Cash at bank and in hand		647,358	200,361	496,323	58,507
		<u>1,018,489</u>	<u>985,240</u>	<u>952,991</u>	<u>968,238</u>
CURRENT LIABILITIES					
Creditors payable within one year	16	(3,067,599)	(2,944,117)	(3,003,377)	(2,927,215)
NET CURRENT LIABILITIES		<u>(2,049,110)</u>	<u>(1,958,877)</u>	<u>(2,050,386)</u>	<u>(1,958,977)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,731,615	7,125,106	6,730,439	7,125,106
LONG TERM LIABILITIES					
Creditors payable after one year	17	(630,865)	(745,020)	(630,865)	(745,020)
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY		6,100,750	6,380,086	6,099,574	6,380,086
Net pension liability	27	(151,754)	(181,000)	(151,754)	(181,000)
NET ASSETS		<u>5,948,996</u>	<u>6,199,086</u>	<u>5,947,820</u>	<u>6,199,086</u>
REPRESENTED BY:					
CALLED UP SHARE CAPITAL	22	100	100	100	100
ENDOWED FUNDS	25	287,053	316,111	287,053	316,111
RESTRICTED FUNDS	25	133,686	138,652	133,686	138,652
UNRESTRICTED FUNDS					
General reserve	25	5,528,157	5,744,223	5,526,981	5,744,223
		<u>5,948,996</u>	<u>6,199,086</u>	<u>5,947,820</u>	<u>6,199,086</u>

The financial statements were approved and authorised for issue by the Board on 11 January 2021 and signed on its behalf by



Prof. Nigel T Ratcliffe

CHAIRMAN

Company registration number 05010957

The notes on pages 26 to 49 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CONSOLIDATED CASH FLOW STATEMENT AS AT 31ST AUGUST 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	34	<u>850,879</u>	<u>601,467</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		12,976	16,246
Purchase of property, plant and equipment		(94,083)	(64,732)
Proceeds from sale of investments		<u>300</u>	<u>2,433</u>
Net cash used in investing activities		<u>(80,807)</u>	<u>(46,053)</u>
Cash flows from financing activities:			
Repayments of overdraft		(262,242)	(373,915)
Financing costs		<u>(60,733)</u>	<u>(64,256)</u>
Net cash used in financing activities		<u>(322,975)</u>	<u>(438,171)</u>
Change in cash and cash equivalents in the year		447,097	117,243
Cash and cash equivalents at the beginning of the year		<u>200,261</u>	<u>83,018</u>
Cash and cash equivalents at the end of the year	29	<u><u>647,357</u></u>	<u><u>200,261</u></u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year are:

a) Basis of Accounting

The accounts of the group have been prepared under the Companies Act 2006 and in accordance with the Statement of Recommended Practice for Charities ('SORP (FRS102)') and with applicable UK Accounting Standards. They are drawn up on the historical cost accounting basis except that property and share investments held as fixed assets are carried at fair value.

Denstone College meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details are provided in note 35, and in the accounting policies for depreciation of fixed assets, for pensions and for bad debts. The financial statements are presented in sterling (£) and the functional currency is sterling (£).

b) Going Concern

The accounts have been prepared on a going concern basis. The Denstone College Board reviews the financial information for the company and the group, and consider whether the group and company are a going concern for a period of at least 12 months from the date of approval of the accounts.

As at 31 August 2020, the group was in a strong balance sheet position, with net assets of £5,948,996 (2019: £6,199,086). The governing body is aware however that net current liabilities stand at £2,049,110 (2019: net current liabilities of £1,958,877); included within creditors less than one year are fees in advance, which will be taken to income during 2020-21.

The governing body has reviewed in depth the impact of the global pandemic on school operations and finances. In summer term of 2019-20 the financial impact was mitigated through use of the various elements of support provided by the Government including the furlough scheme. The governing body recognise that the financial implications in 2019-20 brought about as a result of the pandemic will continue into 2020-21, and possibly beyond, and continues to rework plans for the coming year, to ensure the financial impact on the school continues to be mitigated in the most appropriate way.

The governing body has also given due consideration to the plans in place for a merger of activities with Denstone College Preparatory School at Smallwood Manor, a small independent preparatory school nearby with whom Denstone College has historically worked very closely, and from where a substantial number of pupils of Denstone College are recruited. The trade and certain business assets of Denstone College Preparatory School at Smallwood Manor will be gifted to Denstone College on 1 September 2021 (or as soon as legally possible). Detailed due diligence has been performed by Denstone College in respect of this planned merger of activities, and the governing body are confident that the financial impact can be dealt with comfortably, through guaranteed support of up to £550k from the parent company Woodard Corporation and through a new loan from the existing bankers Lloyds, with whom Denstone College have long had a supportive working relationship. This is in addition to the existing overdraft facility in place with Lloyds of £750k, which the governing body understand, through discussion with the bank, will be renewed at the same level during February 2021.

Performance of detailed financial modelling, including 18 month cashflow forecasting, demonstrates that through a combination of continually strong pupil numbers, bank balances held, and the financial support offered by both the parent company Woodard Corporation and

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

Lloyds Bank (as detailed above), the school has sufficient cash to remain a going concern for at least 12 months from the anticipated date of signing these accounts. The directors have therefore prepared the financial statements have on a going concern basis.

c) **Group Accounts**

The financial statements consolidate the financial statements of the company, and all its subsidiary companies, charitable trusts and funds with all inter-company balances being eliminated. Entities are consolidated where Denstone College exercises overall control either through ownership of shares, or through having common trustees with a common objective. Accounting policies are consistently applied between group companies.

d) **School Fees Receivable and Similar Income**

Fees receivable and other educational income are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants. Fees in Advance Scheme Contracts are those fees received in advance of education to be provided in future years under a specific contract. The fees are either held as investments in interest bearing assets until taken to income to match liabilities in the term when used, or refunded, or they are held within the unrestricted reserves of the school. Any surplus of assets over liabilities is held within the fund as a buffer. Debts are provided for if not recovered within one term. Estimating amounts to provide against recovery of debts is a matter of judgement.

e) **Ancillary and Non-Ancillary Trading Income**

Ancillary trading income represents amounts from activities to generate funds within the charitable objects, for example school shop sales, coaches to and from school and school trips. Non-ancillary trading income represents amounts from activities not directly related to the charitable objects, for example lettings of school facilities out of term time and rental from spare school buildings. Income from these activities is recognised in the Statement of Financial Activities when the goods are sold or services provided.

f) **Other - Grants and Donations**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can reliably be quantified and the economic benefit is considered probable.

Voluntary income for general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention to be permanent or not. 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 at the value to the school in case of donated services or facilities.

The CJRS grant is receivable as compensation for staff costs incurred and for the purpose of giving immediate financial support to the schools with no future related costs. It is recognised in income in the period in which it becomes receivable.

g) **Expenditure**

Expenditure is accrued as soon as there is a contractual obligation or a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates. Bad debts are provided for in accordance with the group bad debt policy. The cost of refurbishing and converting existing buildings is written-off in the year in which it is incurred except where the useful life has been extended.

h) **Finance and Other Costs**

Other costs include amounts accrued in accordance with the terms of Fees in Advance Scheme Contracts.

i) **Pension Costs**

The school company participates in the Teachers' Pensions scheme, which is an unfunded government scheme, which provide benefits based on final pensionable pay. The funds of the schemes are separate from the company, although the company's share of the schemes cannot be identified as the schemes are multi-employer schemes, and so the pension costs are accounted for as defined contribution schemes.

The company offers membership of the Pensions Trust Growth Plan to employees other than the full-time academic staff. The Pensions Trust Growth is a multi-employer pension scheme where the scheme assets are pooled for investment purposes and cannot be attributed to individual employers. Benefits are paid from the total scheme assets. It is in most respects a money purchase arrangement, but has some guarantees. As a result it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the company, though, due to the guarantees inherent in the scheme, the companies remain potentially liable for a debt on withdrawal from the scheme. In accordance with Financial Reporting Standard (FRS) 102 (section 28) therefore, the scheme is accounted for in a fashion which is similar to a defined contribution scheme.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. More detail is given in notes 27 and 35.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

j) **Tangible Fixed Assets and Depreciation**

In accordance with Section 35.10 (d) of FRS102, Denstone College has elected to use the carrying value of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost at the date of transition to FRS102, 1 September 2014.

Tangible fixed assets are stated at cost less depreciation. Individual capital items, or projects, with a value greater than £10,000 are capitalised. Assets in the course of construction are stated at cost less any provision for impairment. They are transferred to completed assets when substantially all of the activities necessary to get the asset ready for use are complete. Where appropriate cost includes our own labour costs in relation to construction, and directly attributable overheads.

Where tangible fixed assets have been acquired with the aid of specific grants they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset based on current market prices, over its expected useful life, as follows:

Freehold land is not depreciated

Freehold Buildings:	- Variable according to the building and written off over the expected useful life (see paragraph below)
Freehold improvements	- Over the useful economic life of the improvement
Leasehold land	- Over the shorter of the economic life of the asset or the life of the lease
Leasehold enhancement	- Over the economic life of the asset
Computer equipment	- 25% on cost
Telephone system	- 10% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost

The company has reviewed its tangible assets, which comprise land, buildings and initial fixtures and fittings. The company undertakes an annual review of all buildings assessing their useful economic life. In some cases the useful economic life of a building is anticipated to be of considerable length, often in excess of 100 years. The buildings are capitalised in the financial statements at historic cost. Where the calculated depreciation charge is a material figure, it is charged in these financial statements but, where the carrying value is not more than the estimated recoverable amount and the depreciation on the building is not material to these financial statements, it has been assessed, but not charged on the basis that it is not material. The directors will continue to carry out annual assessments of the recoverable amount and the estimated useful life of all buildings and where the depreciation is a material value, it will be charged. The review is based on the directors' assessments of the market value and the future economic benefit derived from an asset versus its carrying value in the financial statements.

When the company undertakes a significant refurbishment project that will have an economic benefit, the cost of the refurbishment is capitalised, recorded separately under 'Freehold Improvements', its useful life is estimated and it is depreciated over that useful life.

No depreciation is provided for in respect of investment properties in accordance with Section 16 of FRS102. Such properties are held for their investment potential and not for consumption within the business. Investment properties are stated at their fair value at the balance sheet date.

Denstone College exercises judgement in selection of appropriate rates for depreciation of fixed assets, and for matters of impairment.

k) **Financial Instruments**

Denstone College 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.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

l) **Securities and Fees in Advance Investments**

Securities and Fees in Advance investments are carried at fair value, which is deemed to be 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. Realised gains and losses are the difference between sales proceeds and opening market value where the investment was held at the beginning of the year, or sales proceeds less cost of purchase where the investment was acquired in the year. The revaluation reserve reflects the accumulated total of unrealised gains and losses. Uninvested cash is the balance of liquid cash, held as an investment, which has not been invested in securities.

m) **Stocks**

Stocks comprise raw materials, consumable stores and goods held for resale: they are valued at the lower of cost and net realisable value.

n) **Leasing Commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the period of the lease whichever is the shorter. The interest element of the obligations is charged to the Statement of Financial Activities over the period of the lease. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term. Lease incentives are accounted for over the lease term on a straight-line basis.

o) **Fee Deposits**

Refundable fee deposits are currently classified between long term and short term in the financial statements. These deposits are refundable in the event that the pupils leave a school on one term's notice and as such the deposit would be refunded to the parents at that point. However, the financial statements are prepared on a going concern basis and it is assumed that the majority of children will remain in school for their full years of education and therefore the deposit will be refunded to them when they leave school.

Short term deposits reflect those pupils that will be leaving a school within one year, and the longer-term element reflects those pupils that will be leaving a school after 12 months from the balance sheet date.

p) **Fund Accounts**

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity. Endowment funds are further sub-divided into permanent and expendable, where required by the terms of the trust.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

q) **Taxation**

Denstone College is a registered charity and as such are exempt from income tax and corporation tax under the provisions of Section 478 of the Corporation Tax Act 2010. There is no similar exemption for VAT, which is included in expenditure or in the cost of assets as appropriate.

The school has a subsidiary company that is subject to taxes including corporation tax and VAT in the same way as any commercial organisation. The tax charged to the profit and loss account is based on the subsidiary company's profit for the year and takes into account tax arising because of timing differences between the treatment of certain items for tax and accounting purposes.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

Taxation (continued)

The subsidiary company distributes the majority of its profits to Denstone College under Gift Aid and tax liabilities are kept to a minimum.

2 CHARITABLE ACTIVITIES - SCHOOL FEES RECEIVABLE

	2020 £	2019 £
The school fees income comprises		
Gross fees	9,450,429	10,420,663
Less: Total scholarships, bursaries, etc	(1,070,696)	(1,294,752)
Add back: Scholarships, grants etc paid for by Restricted Funds	11,959	-
	<u>8,391,692</u>	<u>9,125,911</u>

331 scholarships, bursaries and other awards were paid to 292 pupils (2019: 332 awards to 298 pupils). Within this, means-tested bursaries totalling £436,776 were paid to 58 pupils (2019: £320,824 to 61 pupils).

The value of fee discounts given to parents in respect of online learning made necessary by the COVID-19 pandemic totalled approximately £0.8m (2019: £nil).

3 CHARITABLE ACTIVITIES - ANCILLARY TRADING INCOME

	2020 £	2019 £
Extras including pupil transport	422,560	585,424
Entrance fees and registration fees	22,809	24,152
Fees in lieu of notice	5,793	7,410
Other education income	-	-
Sundry other income	106,521	165,607
	<u>557,683</u>	<u>782,593</u>

4 OTHER TRADING ACTIVITIES

	2020 £	2019 £
Non-ancillary trading income		
Denstone College Enterprises turnover	53,094	257,313
Rents receivable	1,426	556
Interest receivable - pupil bills	3,574	201
Other non-ancillary trading income	55,126	192,655
	<u>113,220</u>	<u>450,725</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

5 INVESTMENTS - INVESTMENT INCOME

	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Securities investment income					
Equities	-	2,336	8,808	11,144	12,087
Fixed interest	-	783	808	1,591	4,073
Other investments	-	44	67	111	21
	<u>-</u>	<u>3,163</u>	<u>9,683</u>	<u>12,846</u>	<u>16,181</u>

6. INVESTMENTS - BANK AND OTHER INTEREST RECEIVABLE

	Unrestricted	Restricted	Endowed	Total 2020 £	Total 2019 £
Bank interest	130	-	-	130	65
Other interest					
	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>	<u>65</u>

7. OTHER - GRANTS AND DONATIONS

	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Grants to Denstone College from:					
Denstone College Enterprises Limited	-	-	-	-	88,784
Coronavirus Job Retention Scheme	473,063	-	-	473,063	-
Other grants and donations	86,464	-	-	86,464	282,542
Profit/(Loss) on Sale of Fixed Assets	<u>(6,725)</u>	<u>-</u>	<u>-</u>	<u>(6,725)</u>	<u>-</u>
	<u>552,802</u>	<u>-</u>	<u>-</u>	<u>552,802</u>	<u>371,326</u>

Coronavirus Job Retention Scheme (CJRS) income

The CJRS grant is receivable as compensation for staff costs incurred and for the purpose of giving immediate financial support to the schools with no future related costs. It is recognised in income in the period in which it becomes receivable.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

8. ANALYSIS OF EXPENDITURE

a) Total expenditure

	Staff Costs (Note 10) £	Support Costs £	Depreciation (Note 13) £	Total 2020 £	Total 2019 £
Costs of raising funds					
Non ancillary trading - Denstone College Enterprises Ltd - Lettings	28,085	101,809	-	129,894	190,175
Financing cost (Note 9)	-	60,733	-	60,733	128,649
Investment management	-	2,429	-	2,429	2,433
Fundraising and development	-	20	-	20	475
Total cost of generating funds	28,085	164,991	-	193,076	321,732
Charitable expenditure					
Teaching	4,669,945	575,202	116,611	5,361,758	5,290,628
Welfare	598,287	284,623	-	882,910	1,118,100
Premises	761,624	817,407	235,995	1,815,026	2,025,810
School admin & shop	865,561	682,718	-	1,548,279	1,511,685
Grants awards and prizes (Note 8b)	-	12,832	-	12,832	16,284
Movement in pension recovery plan (note 27)	-	5,489	-	5,489	(66,000)
	6,895,417	2,378,271	352,606	9,626,294	9,896,507
Governance costs	-	24,335	-	24,335	23,069
Education and grant making	6,895,417	2,402,606	352,606	9,650,629	9,919,576
Total expenditure	6,923,502	2,567,597	352,606	9,843,705	10,241,308

b) Grants' awards and prizes

Denstone College makes awards to individual families to support schooling.

	2020 £	2019 £
From Endowed Funds:		
Other grants and awards	9,682	11,959
From Restricted Funds:		
Other grants and awards	-	-
From Unrestricted Funds:		
Other grants and awards	3,150	4,325
	12,832	16,284

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

8 ANALYSIS OF EXPENDITURE (Continued)

c) Total resources expended include:

Denstone College reimburses governors for out of pocket expenses including travel subsistence and accommodation, where a claim is made. No trustees were reimbursed during the year.

	2020 £	2019 £
Remuneration paid to auditor for audit services	19,000	16,600
Depreciation of tangible fixed assets		
- owned by the Charitable Company	352,606	353,294
Operating lease rentals:		
- other assets	278,876	5,647
Cost of stock/inventories recognised as an expense in the period	78,201	532,113
Reimbursement of personal expenses to governors	-	-

9 FINANCING COSTS

	2020 £	2019 £
Bank interest payable	5,141	5,218
Fees in advance and debt financing costs	25,895	36,813
Pension Scheme financing cost	2,775	22,214
Bank charges	12,012	17,322
Other finance costs	811	11
Provision for bad and doubtful debts	14,099	47,071
	<u>60,733</u>	<u>128,649</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

10 STAFF COSTS

	2020 £	2019 £
The aggregate payroll costs for the year were:		
Wages and salaries	5,554,243	5,526,468
Social security costs	534,965	529,862
Other pension costs	834,436	611,770
Private medical insurance	(142)	2,203
	<u>6,923,502</u>	<u>6,670,303</u>

Included in staff costs are redundancy or termination payments totalling £61k (2019: nil).

None of the governors received remuneration or other benefits from Denstone College or from any connected body.

The Headmaster, Bursar and Second Master are classed by the school as being the Key Management Personnel.

	2020 £	2019 £
Aggregate employee benefits of key management personnel	<u>327,376</u>	<u>220,902</u>

The number of higher paid employees whose annual emoluments were £60,000 or more was:

	2020 No	2019 No
£60,001 - £70,000	5	-
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-
£110,001 - £200,000	-	-

The number with retirement benefits accruing:
- in Defined Contribution schemes was

	1	-
--	---	---

Of which the contributions amounted to

	£0	£0
--	----	----

- in Defined Benefit schemes was

	7	2
--	---	---

Of which the contributions amounted to

	£109,172	£28,338
--	----------	---------

For 2020 there are zero (2019: zero) employees earning over £60,000 per year that have chosen not to participate in a pension scheme.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

10. STAFF COSTS (Continued)

The average number of employees during the year calculated on a head count basis, was 223 (2019: 232)

	2020 No	2019 No
Teaching	84	88
Welfare	39	43
Premises	38	41
Support	57	56
Other activities	5	4
	<hr/> 223 <hr/>	<hr/> 232 <hr/>

11. DIRECTORS

None of the directors (or any persons connected with them) received any remuneration during the year. Scholarships totalling £2,583 were awarded to children of directors attending the school (2019: £6,352).

12. TAXATION

The company is a registered charity and therefore no liability to taxation arises on its charitable activities.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

13. TANGIBLE FIXED ASSETS

Group and company

	Assets under construction	Freehold Land & Buildings	Plant & Equipment	Computer Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 st September 2019	-	9,463,106	491,212	709,681	552,833	48,445	11,265,277
Additions	77,896	-	16,187	-	-	-	94,083
Disposals	-	-	(38,936)	(38,305)	-	(10,100)	(87,341)
At 31st August 2020	77,896	9,463,106	468,463	671,376	552,833	38,345	11,272,019
Depreciation							
At 1 st September 2019	-	1,508,048	322,692	420,837	303,122	41,128	2,595,827
Charge for the year	-	152,141	33,611	116,611	42,024	5,521	349,908
Additions	-	-	2,698	-	-	-	2,698
Disposals	-	-	(31,911)	(38,305)	-	(10,100)	(80,316)
At 31st August 2020	-	1,660,189	327,090	499,143	345,146	36,549	2,868,117
Net book value at 31st August 2020	77,896	7,802,917	141,373	172,233	207,687	1,796	8,403,902
Net book value at 31 st August 2019	-	7,955,058	168,520	288,844	249,711	7,317	8,669,450

All tangible assets are held for charitable activities.

Finance leases and hire purchase contracts

The College had no finance leases or hire purchase obligations.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

14. SECURITIES INVESTMENTS

	Fees in Advance Investments		Securities Investments	
	2020	2019	2020	2019
	£	£	£	£
Group investments				
At 1 September	-	-	414,533	418,231
Amounts extracted	-	-	-	-
Investment management fees	-	-	(2,952)	(2,433)
Realised gains/(losses) on investments	-	-	-	-
Unrealised gains/(losses) on investments	-	-	(34,758)	(1,265)
Group investments at 31 August	-	-	376,823	414,533
Investment in subsidiaries	-	-	100	100
Company investments at 31 August	-	-	376,923	414,633
Investments comprise:				
Listed investments				
Fixed interest	-	-	118,428	117,991
Equities	-	-	247,465	282,660
Unlisted investments				
Land and buildings				
Other				
Cash	-	-	10,930	13,882
Group investments at 31 August			376,823	414,533
Investment in subsidiaries	-	-	100	100
Company investments at 31 August	-	-	376,923	414,633

Denstone College owns all of the share capital of Denstone College Enterprises Limited, a company incorporated in England/Wales. Further details are provided in note 33.

In addition to the above investments, cash balances within the Fees in Advance Scheme are included in current assets as cash deposits.

The main Securities Investments and Fees in Advance Scheme Investments deposits are managed for Denstone College by UBS Wealth Management (UK). All investments are managed and held in the UK.

Holdings at the year-end comprising more than 5% of the total are:

Artemis Income Fund Units	28.4%
M&G Securities Corporate BD	17.0%
Threadneedle Cross Industrial Funds	14.1%
iShares PLC FTSE 100 Fund	14.4%
iShares Corporate Bond Fund	15.3%
iShares S&P 500 SHS	10.7%

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

15. DEBTORS

	Group 2020 £	2019 £	Company 2020 £	2019 £
School fees receivable	13,932	377,680	13,932	377,680
Trade debtors	35,543	109,848	35,372	-
Staff loans	-	4,215	-	4,215
Other debtors	38,101	112,962	38,101	81,905
Prepayments and accrued income	149,218	84,227	149,218	80,868
Tax recoverable	3,314	5,493	-	5,493
Amounts due from subsidiary company	-	-	216,261	346,383
Amounts due from parent company	3,784	-	3,784	-
	243,892	694,425	456,668	896,544

16 CREDITORS: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	-	262,242	-	262,242
Deposits from parents	116,014	66,562	116,014	66,562
Fees received from parents in advance of term	702,501	1,086,307	702,501	1,086,307
Trade creditors	662,052	495,669	605,994	481,004
Taxation and social security	496,704	126,650	496,704	126,650
Other creditors	142,832	134,279	136,074	133,650
Fees in Advance Scheme	838,433	639,737	838,433	639,737
Accruals	109,063	128,887	107,657	127,279
Amounts due to Woodard Corporation	-	3,784	-	3,784
	3,067,599	2,944,117	3,003,377	2,927,215

17 CREDITORS: amounts falling due after one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Deposits from parents	150,260	198,851	150,260	198,851
Fees in Advance Scheme	480,605	546,169	480,605	546,169
	630,865	745,020	630,865	745,020

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

18 BANK FACILITY

The College has an overdraft facility of £750,000 with Lloyds Bank subject to annual review with the next review due on 28 February 2021 and secured by an unlimited debenture on 17 April 2018.

19 FEES IN ADVANCE SCHEME

Parents and others may enter into a contract to pay for fixed contributions towards pupil tuition fees for a number of years in advance. The money may be returned subject to specific conditions on the receipt of notice. Assuming pupils remain in the college, fees in advance will be applied as follows:

	2020 £	2019 £
After 5 years	-	10,734
Within 2 to 5 years	190,123	276,846
Within 1 to 2 years	290,482	258,589
Due after more than one year	480,605	546,169
Within 1 year	838,433	639,737
	<u>1,319,038</u>	<u>1,185,906</u>

Summary of movements in liability

	£
Balance at 1 September 2019	1,185,906
New contracts	663,636
Amounts used to pay fees	(482,506)
Repayments to parents	(47,998)
Balance at 31 August 2020	<u>1,319,038</u>

20 FINANCE LEASE OBLIGATIONS

The College had no finance lease obligations.

21 COMMITMENTS UNDER OPERATING LEASES

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

The future minimum commitments under non-cancellable operating leases are:

	2020	2019
	£	£
Within 1 year	90,579	5,647
Within 1 to 5 years	188,297	-
	<hr/>	<hr/>
	<u>278,876</u>	<u>5,647</u>

22. SHARE CAPITAL

	2020	2019
	£	£
Authorised		
100 Ordinary Shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary Shares of £1 each	100	100

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

23. FUNDS

Denstone College's funds are analysed under the following headings:

a) ENDOWED FUNDS

Special Endowment

The Special Endowment funds of the company include a number of individual trust and prize funds set up by donors as permanent capital. The income generated is restricted to funding scholarships, bursaries, grants and prizes.

b) RESTRICTED FUNDS

The benefit fund is held in trust by the Woodard Corporation to assist former pupils by contributing towards the school fees of their children or dependents or in such a manner (being exclusively charitable) as the Trustees consider for their benefit. The fund has been built up by voluntary contributions. The College Council has power to determine on behalf of the Trustees which pupils shall receive benefit and the nature and extent of such benefit. The purpose is to provide financial support to pupils whose family circumstances would otherwise prevent them from attending the College.

c) UNRESTRICTED FUNDS

Unrestricted funds represent accumulated income from the school's activities and other sources that are available for the general purposes of the school.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Tangible fixed assets	8,403,902	-	-	8,403,902	8,669,450
Securities investments	-	117,761	259,062	376,823	414,533
Fees in Advance Scheme	(1,319,038)	-	-	(1,319,038)	(1,185,906)
Net current					
(liabilities)/assets	(1,254,693)	15,925	27,991	(1,210,777)	(1,319,240)
Long term liabilities	(302,014)	-	-	(302,014)	(379,851)
	<u>5,528,157</u>	<u>133,686</u>	<u>287,053</u>	<u>5,948,896</u>	<u>6,198,986</u>

Charity	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Tangible fixed assets	8,403,902	-	-	8,403,902	8,669,450
Securities investments	100	117,761	259,062	376,923	414,633
Fees in Advance Scheme					
investments	(1,319,038)	-	-	(1,319,038)	(1,185,906)
Net current					
(liabilities)/assets	(1,255,969)	15,925	27,991	(1,212,053)	(1,319,340)
Long term liabilities	(302,014)	-	-	(302,014)	(379,851)
	<u>5,526,981</u>	<u>133,868</u>	<u>287,053</u>	<u>5,947,720</u>	<u>6,198,986</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

25. SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 Sept 2019 £	Incoming resources £	Resources expended £	Gains/ (losses) £	At 31 August 2020 £
Endowed - Expendable					
Revaluation reserves	89,065	-	-	(28,533)	60,532
Scholarships, bursary & prize trust funds	227,046	9,683	(10,208)	-	226,521
	316,111	9,683	(10,208)	(28,533)	287,053
Restricted Funds					
Revaluation reserves	44,609	-	-	(6,225)	38,384
Scholarships, bursary & prize	94,043	3,163	(1,904)	-	95,302
	138,652	3,163	(1,904)	(6,225)	133,686
Unrestricted Funds					
General Reserve	5,744,223	9,615,527	(9,831,593)	-	5,528,157
	5,744,223	9,615,526	(9,831,593)	-	5,528,156
Share Capital	100	-	-	-	100
Total Funds	6,199,086	9,628,373	(9,843,705)	(34,758)	5,948,995

26. CAPITAL COMMITMENTS

At 31 August 2020, the group had capital commitments as follows:

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	-	-

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

27. PENSION SCHEMES

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,057k (2019: £819k) and at the year-end £502k (2019 - £67k) was accrued in respect of contributions to this scheme. As part of the Government support package to help businesses during the COVID-19 pandemic they offered payment holidays to businesses. We took advantage of the scheme and agreed payment holidays from April to August. All payments will be caught up by February 2021 and are planned in the cash-flow budget.

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 2019. The employer contribution rate was 23.6% from 1 September 2019. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

TPT Retirement Solutions

A further full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2019 to 31 January 2025:	£33k per annum (payable monthly and increasing by 3% each on 1st April)
---------------------------------------	---

Unless a concession has been agreed with the Trustee the term to 30 January 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

27. PENSION SCHEMES (Continued)

Present Values of Provision	2020 £000s	2019 £000s
Present value of provision	152	181
Reconciliation of opening and closing provisions	2020 £000s	2019 £000s
Provision at 1 September	181	247
Unwinding of the discount factor	2	4
Deficit contribution paid	(32)	(33)
Remeasurements - impact of any change in assumptions	1	3
Remeasurements - amendments to the contribution schedule	-	(40)
Provision at 31 August	152	181

Income and expenditure impact

	2020 £000s	2019 £000s
Interest expense	2	4
Unwinding of the discount factor	-	-
Remeasurements - impact of any change in assumptions	1	3
Remeasurements - amendments to the contribution schedule	-	(40)
	2020	2019

Assumptions

	% per annum	% per annum
Rate of discount	0.55	0.97

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Deficit Contributions Schedule

The following schedule shows the deficit contributions agreed between the company and the scheme at each year end period:

	2020 £000s	2019 £000s
Year 1	33	32
Year 2	34	33
Year 3	35	34
Year 4	36	35
Year 5	15	36
Year 6		15

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

27. PENSION SCHEMES (Continued)

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

28. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2020 £	2019 £
Net income for the period (as per the Statement of Financial Activities)	(250,091)	415,423
Adjustments for		
Depreciation charges	352,606	353,294
(Gains)/losses on investments	34,758	1,265
Dividends, interest and rents from investments	(12,976)	(16,246)
Financing costs	60,733	64,256
Investment Management Fees	2,952	-
Loss/(profit) on the sale of fixed assets	6,725	-
(Increase)/decrease in stocks	(36,784)	(15,127)
(Increase)/decrease in debtors	450,532	52,266
Increase/(decrease) in creditors	242,323	(253,664)
Net cash provided by (used in) operating activities	850,879	601,467

29. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand and at bank	647,358	200,631
Other loans	-	-
Overdraft facilities repayable on demand	-	-
Total cash and cash equivalents	647,358	200,631

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *YEAR ENDED 31ST AUGUST 2020*

30. SUBSIDIARIES

The Company owns all of the share capital of Denstone College Enterprises Limited (DCEL), a company incorporated in England and Wales (Company number: 05181951). This company carries out trading activity on behalf of the school including commercial letting and sales from the school's tuck shop which also includes uniform.

Denstone College Enterprises Limited had a turnover of £161k (2019: £424k), gross profit of £3k (2019: £82k), and a profit before tax and gift aid of £0.1k in the year ended 31 August 2020 (2019: profit of £79k). At 31 August 2020 the company had shareholder's funds of £100 (2019: £100).

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

31 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - Comparative figures by fund type

Year ended 31 August 2019	Unrestricted £	Restricted £	Endowed £	Total £
Income and endowments from				
Charitable activities				
School fees receivable	9,125,911	-	-	9,125,911
Ancillary trading income	782,593	-	-	782,593
Other trading activities				
Non-ancillary trading income	450,725	-	-	450,725
Other activities	-	-	-	-
Investments				
Investment income	-	4,222	11,959	16,181
Bank and other interest	65	-	-	65
Voluntary sources				
Grants and donations	282,542	-	-	282,542
Other incoming resources				
Total incoming resources	<u>10,641,836</u>	<u>4,222</u>	<u>11,959</u>	<u>10,658,017</u>
Expenditure on:				
Raising funds				
Non ancillary trading	190,175	-	-	190,175
Other income generating activities		-	-	-
Financing costs	128,649	-	-	128,649
Investment management	(11,938)	2,341	12,051	2,454
Fundraising and development	475	-	-	475
Total deductible costs	<u>307,361</u>	<u>2,341</u>	<u>12,051</u>	<u>321,753</u>
Charitable activities				
Education and grant making	9,919,576	-	-	9,919,576
Total resources expended	<u>10,226,937</u>	<u>2,341</u>	<u>12,051</u>	<u>10,241,329</u>
Net gains/(losses) on investment assets	-	2,706	(3,971)	(1,265)
Net income/(expenditure)	<u>414,899</u>	<u>4,587</u>	<u>(4,063)</u>	<u>415,423</u>
Transfers between funds	-	-	-	-
Other recognised gains/(losses)				
Pension scheme actuarial gains/(losses)	-	-	-	-
Net movement in funds for the year	<u>414,899</u>	<u>4,587</u>	<u>(4,063)</u>	<u>415,423</u>
Fund balances at 1 September	5,329,324	134,065	320,174	5,783,563
Fund balances at 31 August	<u><u>5,744,223</u></u>	<u><u>138,652</u></u>	<u><u>316,111</u></u>	<u><u>6,198,986</u></u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

32. CONTINGENT LIABILITIES

The College has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2019. As of this date the estimated employer debt for the Company was £516,791, including Series 3 liabilities.

33. ULTIMATE CONTROLLING PARTY

The Woodard Corporation Limited is the ultimate controlling party, a registered charity number 1096270, which is incorporated in England and Wales. Copies of the financial statements of the Woodard Corporation can be obtained from High Street, Abbots Bromley, Rugeley, Staffordshire, WS15 3BW. The accounts of Denstone College Limited are included within the consolidated financial statements of the Woodard Corporation Limited.

34. RELATED PARTIES

As stated in note 31, Denstone College Limited is a wholly owned subsidiary of The Woodard Corporation. An amount of £45,303 (2019: £64,274) was paid during the year to Woodard Corporation by way of a levy to meet running costs. This was only for 2 terms, 1 term reduction due to COVID-19. There was a £0 balance (2019: £0) outstanding at the year end.

The company also controls a subsidiary trading company, Denstone College Enterprises Limited (DCEL). An amount of £96 (2019: £78,784) was given by DCEL to the company by gift aid. Other transactions between the two companies totalling £138,598 (2019: £267,968) comprised: salary costs; costs of purchases made by the company on behalf of DCEL; and items from the School Shop charged to pupil bills.

During the year we made payments totalling £22k to Ainsley & Partners. A Director of the College holds a 50% equity share in Ainsley & Partners. The payment relates to professional fees associated with the preparatory school project.

35. POST BALANCE SHEET EVENTS

Nothing to report.

36. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the directors are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cash-flows. Accounting policies are shown at note 1 to the financial statements.

Pension scheme deficit reduction payments

As explained at note 27, there is a deficit reduction plan in place in respect of Denstone College's membership of the Pension Trust's Growth Plan. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the selection of an appropriate discount rate.

Pension scheme contingent liability

Per note 31, there is a contingent liability in the event that Denstone College were to withdraw its membership of the Pension Trust's Growth Plan. The independent qualified actuaries advising the Pensions Trust in respect of the contingent withdrawal liability exercise significant judgement in determining the amount of that liability. Judgement is exercised in a number of areas, including future changes in salaries, inflation, mortality rates and the selection of appropriate discount rates.

Provision for bad debts

Estimating amounts to provide against recovery of debts is a matter of judgement.

Depreciation, impairment and residual values of fixed assets

Judgement is exercised in estimating the residual values of fixed assets, the selection of appropriate rates for depreciation, and for matters of impairment.

Charity Registration No. 1102588

Company Registration No. 05010957 (England and Wales)

DENSTONE COLLEGE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

DENSTONE COLLEGE LIMITED

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DENSTONE COLLEGE LIMITED

COMPANY INFORMATION

DIRECTORS AND ADVISORS

Directors

Prof. N T Ratcliffe (Chairman)
Mr K P Threlfall (Chairman) resigned 4.7.2020
Mrs M M Amos
Mrs E L Bell
Mr J S F Cash
Mr M F Coffin
Mr A D Coley
Mr D A Cooper
Mrs J Dickson
Mrs E J Evans
Mr B W Hinton
Capt. M G Huddy
Mr C J Lewis
Mrs B McNally-Young
1102588

Charity No.

Company No.

Principal Address and Registered Office

05010957
Denstone College
Uttoxeter
Staffordshire
ST14 5HN

Key Management Personnel

Head

Bursar

Second Master

Mr M R M Norris
Mrs M A Walker
Mr J Hartley

Auditors

RSM UK Audit LLP
9th Floor, 3 Hardman Street, Manchester, M3 3HF

Bankers

Lloyds Bank
1 Pride Hill
Shrewsbury
SY1 1DG

Solicitors

Veale Wasborough
Narrow Quay
Bristol
BS1 4QA

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

Martin Kaye
The Foundry
Euston Way
Telford
TF3 4LY

Investment Advisers

UBS Wealth Management (UK) Limited
WC House
London, EC1 3BY

DENSTONE COLLEGE LIMITED

COMPANY INFORMATION

Insurance Brokers

Marsh
Capital House
1 to 5 Perrymount Road
Haywards Heath
West Sussex
RH16 3SY

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2020

The directors present their report and financial statements for the year ended 31 August 2020 and confirm they comply with the requirements of the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

The charity was formed in 2004 and is registered with the Charity Commission as charity number 1102588. The charity is a limited liability company and wholly owned subsidiary of The Woodard Corporation (charity number 1096270). The charitable company is incorporated in the United Kingdom. Directors of the Company are also Fellows (members) of the Woodard Corporation and participate in the election of its board of management and are committed to its charitable objects.

Note 34 provides details of connected charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The company is governed by Articles of Association as adopted by Special Resolution dated 2 July 2015 and 20 March 2013, replacing those dated 9 January 2004 amended by Special Resolution(s) dated 25 January 2006. They permit funds to be managed in such a manner as the directors see fit, provided that such powers are only exercised for the purposes of attaining the objects and in a manner which is legally charitable. The Articles of Association forbid the distribution of any property or funds, which are to be applied solely towards the promotion of the objects of the company.

Governing Body

The governors are the directors and charitable trustees of the company and comprise the governing body of Denstone College and are elected to hold office for five years. The school is governed by the governing body which operates using a number of committees. Membership of each committee is outlined on page 4. The governing body met four times during the year.

Recruitment and Training of Governors

All governors are Fellows of the Woodard Corporation. Fellows are responsible for electing the Woodard Corporation Board. Governors are recruited on the basis of nominations and selected when a post becomes available. The governing body look to ensure a mix of skills and select new governors on the basis of background, competence, specialist skills and, in the case of Fellows, Christian commitment. Governors are provided with induction training by the Head, Bursar and staff and a wider programme of training events is organised by the Woodard Corporation.

Where possible the governors consider that the skills and experience of the governing body should comprise the following:

- A Governor with a legal background.
- A Governor with a financial/accounting background.
- A Governor with education experience.
- A Governor with senior managerial or business experience.
- A Governor with experience of equal opportunities or disability needs.
- At least one female Governor and at least one male Governor.

One Governor may have one or more of these skills.

Volunteers

Governors are volunteers providing their time for free to support the governance of the school. The school also relies on a number of others, for example the Friends of Denstone, who help in fundraising, assist the College in events and provide help where required. The Governing Body would like to thank all the volunteers for their help and acknowledge the assistance given.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

Organisational Management

The school is governed by the governing body which delegates work to a number of committees. Membership of each committee is outlined on page 17. The directors determine the general policy of the company.

Finance Committee – this committee has a remit to consider and approve revenue and capital budgets, cash flow information and financial reports, including the financial statements. It also considers financial policies and the financial regulations. It makes recommendations to the governing body for approval. The Finance Committee met three times during the year.

Premises Committee – this committee develops the school's estates strategy, including capital developments and maintenance of the buildings and it makes recommendations to the governing body. It met once during the year.

Education Committee – this committee is responsible for oversight of the academic performance of the school and educational policy, as well as overseeing boarding and pastoral matters, making recommendations to the governing body. It met three times during the year.

Marketing Committee – this committee oversees the considerable marketing and admissions activities, setting strategy, agreeing marketing priorities and providing guidance to the College's marketing team. It also oversees the College website. It met twice during the year.

Personnel Committee – this committee meets with the HR Manager, the Head and the Bursar (when required) to discuss any HR issues and report to the Full Council of governors when necessary. Safer recruitment and the Single Central Register are also discussed. It met three times during the year.

Safeguarding Committee – this committee reviews, monitors and supports safeguarding within the College and makes recommendations to the Governing Body, not least for their annual approval of the Safeguarding policy each February. The Chair of this committee is in regular dialogue with the College's Designated Safeguarding Leads. It met three times during the year.

Credit Committee – this committee is responsible for oversight of the collection of debts, principally College fees, and enforcing sanctions when fees remain unpaid. The committee meets when required and reports to Council; it reviews any outstanding current pupil fees immediately prior to each of the three half terms. It also reviews specific cases as the need arises.

Compliance Committee – this committee supports the Head and Senior Management Team in executing the major function of the College, namely the education on its pupils in a safe environment, ensuring it meets its regulatory requirements and remains up to date with changes and the impact of these on the College. The Head of Compliance is part of this committee. It met twice during the year.

IT Committee – this committee is responsible for overseeing the College's computer hardware, software and various IT networks, development of IT in the classroom and the general safe use of IT and internet throughout the College. It meets on an ad hoc basis when required and reports to the Council when necessary.

Foundation Committee – this committee oversees both fundraising and friend-raising initiatives, particularly amongst alumni.

Remuneration Committee – this committee meets prior to the June Council meeting to recommend for approval by the Board the remuneration of key management personnel and to consider salary reviews generally, with the policy objective of providing appropriate incentives to encourage performance and of rewarding staff fairly and responsibly for their individual contributions to the College's success.

Enterprises Committee – as a result of COVID-19, this committee has not met in 2020.

The day to day management of the company is delegated to the Head and the Bursar as the Key Management personnel, overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the governors which provide for only significant expenditure decisions and major capital projects to be referred to the governors for prior approval.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

The Head oversees the recruitment of all educational staff, whilst under delegated authority the Bursar oversees the recruitment of administrative and non-teaching support staff. The Head and Bursar are invited to attend governors' meetings.

The remuneration of key management personnel is set by the governing body, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the school'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 school remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope for rewarding excellence. Delivery of the school's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Group Structure and Relationships

The company has a wholly owned non-charitable subsidiary, Denstone College Enterprises Limited, the activities and trading of which are described below. Note 33 provides details of connected charities.

We have a thriving alumni group, the Old Denstonians, who are generous in supporting the work of the school and whose support we greatly appreciate. We also cooperate with many local charities in our ongoing endeavours to widen public access to the schooling we can provide, to optimise the educational use of our cultural and sporting facilities and to awaken in our pupils, in the public interest, an awareness of the social context of the all-round education they receive.

CHARITABLE OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The charity's objects, as set out in the Articles of Association, are to promote and extend education (including spiritual, moral, social, cultural and physical education) in accordance with the doctrines and principles of the Church. The Church is defined as being the Church of England and churches in full communion with the See of Canterbury.

Intended impact

Woodard schools strive for the best all round education of every aspect of each individual; they ensure high standards of religious education; and they see themselves as communities working together for the benefit of all members, and of the Church and the nation. They are strong Christian foundations which adhere to catholic belief as found in the Church, to Christian worship focused in the Eucharist, and to the care of each individual and the whole school community particularised in the ministry of the Chaplain.

Aims

Denstone College is a boarding and day school for pupils from the ages of 11 to 18. It aims to support children in reaching their potential in all areas of their activity at the school, and in the wider community. This may be in academic subjects but could just as easily be reflected in success in art, drama, sport, music or dance. We produce 'well rounded' individuals who are able to make a positive contribution to society. All Woodard schools aim to provide a rounded education to help the pupils to make their way in adult life.

Primary objectives

The primary objectives of Denstone College to fulfil these aims are:

- to provide a stimulating learning environment in which pupils can develop their academic potential to the full;

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

- to provide a happy and secure pastoral environment in which pupils can learn to live together and thus foster a sense of community, respect for one other and good citizenship;
- to provide pupils with the opportunity to take advantage of a breadth of co-curricular activities in order to develop positively all aspects of their character;
- to provide pupils with the opportunity to take decisions based on their own judgment and to communicate those decisions appropriately and effectively;
- to provide financial support to enable children whose parents are unable to afford the full fees to benefit from a Denstone College education;
- to provide a clear, simple and effective management structure capable of taking timely decisions and allocating necessary resources appropriately, and
- to provide the necessary administrative and logistic framework to meet the needs of members of staff and pupils alike.

Strategies to achieve the primary objectives

- Embedding High Performance Learning into our teaching as we aim for World Class status during 2022.
- Curriculum review leading to the development of Computer Science at A level and the extension of the innovative LIFE programme.
- Further development of and support for our tutor programme.
- The introduction of a Head of Wellbeing into school.
- Extensive continuation of the co-curricular programme despite COVID-19 and the inevitable restrictions and appointment of key staff such as Directors of Rugby and Hockey.
- Review and alterations made to the shape of the week to develop the co-curricular offering.
- Overt celebration of pupil's achievements.
- Extension of the capacity for pupil voice by altering the structure of the Student Council.
- Development of fundraising activity and capacity of the school to develop bursarial funding as a result of a Governors' away day.
- Regular review of human resources to ensure efficient and effective practice, including the addition of further external HR support.
- Regular Governor-run and school-attended committees meet and feed into Full Council, delivering constant communication, confirming compliance and ensuring active decision making in a timely manner.

Principal Activities of the Year

The principal activity of the school is the delivery of education to pupils ranging from 11 to 18 years of age. We also run a number of summer school activities and the school is open at other times for use by the local community. Pupil numbers at the school during the year were as follows:

	2019/2020		2018/2019	
Senior School	602	(149 boarders)	612	(166 boarders)
	Boys	Girls	Boys	Girls
Senior School	355	247	367	245

Public Benefit

Within the objects, the school aims to create an environment to nurture children, to get the best from them and to allow them to develop and fulfil their potential. We provide them with a first class independent education and a wide range of sporting and artistic opportunities. Our public benefit aim is that all pupils will be self-confident and desire to contribute to the wider community. Denstonians (current and former) can reflect on our belief in Achievement, Confidence and Happiness, and the values instilled here of Honesty, Endeavour and Kindness so that they play a useful role in society, leading fulfilling and purposeful lives.

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In the furtherance of these aims the Denstone College governors, as the charity trustees, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

Our school welcomes pupils from all backgrounds. To admit a prospective pupil we need to be satisfied that our school will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance interviews and assessments are undertaken to satisfy ourselves and parents that potential pupils can cope with the pace of learning and benefit from the education we provide. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes.

Our school is a part of a wider community and we are keen that our staff and pupils participate. The College also offers a resource to support a range of educational activities for the benefit of local children attending state schools and their teachers. Our governors are committed to developing our programme of cooperation and joint working with local maintained sector junior and secondary schools. The activities undertaken and the success of our programme are explained in the 'review of achievements and performance for the year' section of this report.

Woodard and its schools provide a significant benefit to the public. The school strives to ensure that measures of public benefit are appropriate, and that significant sections of the public are not excluded from the opportunity to benefit from the education and facilities offered due to the need to pay a fee. In addition to significant provision of bursaries and other forms of financial support, the school provides a wide range of opportunities for community benefit and facilities and events are often open to all. Further detail of the public benefit offered is included in the section entitled 'Review of Achievements and Performance for the Year' below, page 8.

It is a key requirement of evidencing public benefit that any private benefit to individuals or elements of the charity will be incidental to the charity's objectives. An example of private benefit may be the reimbursement of travelling expenses for trustees attending training courses: any private benefit to individuals or elements of Woodard are incidental to delivery of the charitable objectives.

Concessions Including Bursaries & Scholarships

Our school does not have an endowment and in funding our concessions we have to be mindful that we must ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their child's education, and those benefiting from the awards. Further details of our concessions policies and how to apply are available on our website at <https://www.denstonecollege.org/admissions/fees>.

All criteria and policies relating to concessions are kept under review and are updated when necessary.

Bursaries

Bursary awards are important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education we offer. Our bursary awards are available to all who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk for example in the case of redundancy. In most cases the budget for bursaries is allocated using a "needs blind" approach as far as possible, whilst giving priority to the continuity of education of those pupils already at the school.

This year the value of means tested bursaries totalled £327k (2019: £444k) and represented 3.5% (4.3%) of our gross fees. They provided assistance to 59 (61) of our pupils of which 3 (4) pupils benefited from a full remission of fees.

Scholarships

The purpose of our scholarship awards is to recognise high academic potential or the ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the individual's academic

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potential or evidence of exceptional abilities which will contribute to our co-curricular activities. In addition, awards may be subject to conditions imposed by the original donor. Scholarships are considered at entry into 1st, 3rd and Lower Sixth years.

The school awarded scholarships to 195 (2019: 197) pupils, based on their educational merit and potential, totalling £403k (£366k) and representing 4.3% (3.5%) of our gross fees. Of this number, 25 also qualified for means-tested bursary support and are included in the figures relating to bursary awards.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the year as a result of reviews.

Employment Policy

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

Investment Policy and Objectives

The company's memorandum and articles of association permit funds to be invested in such manner as the directors see fit, providing that such powers of investment are only exercised for the purpose of attaining the objects and in a manner that is legally charitable. The College does not undertake any investment in quoted securities either for unrestricted funds or the Advanced Fees Scheme. Investment in quoted securities is limited to our restricted and endowed funds and these are managed through the Woodard Corporation.

Investment activities are managed in line with the requirements of the Trustee Act 2000. Our investment policy is to preserve the capital value of investments and maximise the return and income on all investments.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The key objectives for 2019/20 and performance against them *in italics* were:

1. To maintain a pupil roll in excess of 600. *602*
2. To develop from a High Performance Learning (HPL) Pathway School to achieve World Class status in a little over 24 months. *Progress continues, though slowed due to responding to COVID-19*
3. To continue to develop bursarial support for the most needy, in partnership with Royal SpringBoard, Staffordshire Virtual School and the Boarding School Partnership. *We welcomed our first Royal SpringBoard pupil in September 2019 and second in September 2020*
4. To review the school curriculum and staff development programme, aiming to improve overall academic performance. *Evolution of 'Shape of the Day' and HPL, although slowed due to COVID-19*
5. To continue to build links with local schools in both state and independent sectors. *Continuing although summer activities impossible due to COVID-19*
6. To further engage with, develop partnerships with and contribute on a charitable basis to members and institutions in the wider community. *Continuing and we have implemented a new system for finding and approving access to school facilities for charitable purposes*
7. To achieve a year-end surplus, before depreciation, in excess of 5% of net fee income to steadily restore cash balances. *The school moved to online learning as a result of COVID-19 in March 2020 and closed to external lettings. This impacted both income streams. Our deficit was managed to a minimum using the coronavirus job retention scheme and minimising all costs.*

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Impact of Coronavirus Pandemic

Schools were ordered to close to all except the children of 'Key Workers' in March 2020 and much of the education was moved online. In brief, the impact has been to raise the level of uncertainty and risk for the whole education sector.

Denstone College adapted well to the new situation and was able to offer a full remote learning experience. This was well received by pupils and parents alike. The College reduced the fee for the Summer Term and created a new Remote Learning fee. This cost circa £0.8m. The Governors also opted not to raise fees for 2020/21 and to freeze employees pay to contain costs.

The Government Coronavirus Job Retention Scheme was utilised and over 100 members of the team were furloughed at various times between March and beyond the financial year-end. Restructuring of the operational teams has resulted in some redundancy and cost savings. The College also made use of payment holidays offered by the Government (VAT, PAYE and Teachers Pension) to delay £0.7m of cash into the next financial period, resulting in a beneficial closing cash balance. The payment holidays will be fully caught up by February 2021 and are budgeted for.

The College was closed to lets at the peak periods of Easter and summer, resulting in £96 gift aid contribution from Denstone College Enterprises Limited. The budget had been circa £0.1m.

The impact on the financial results for the year to 31st August 2020 has been significant and results in a deficit of £0.25m after all mitigations.

The majority of pupils returned in September 2020, including boarding and international pupils. The school made a number of adaptations to make social distancing possible, including clearly marked one-way systems, two metre floor markings, maximum occupancy signage for rooms and bathrooms. Many other adjustments have also been made, for example: awareness video created to educate the students, non-contact greetings promoted, seating plans for classrooms and on transport, staggered lunchtimes allowing extra cleaning time between sittings, year group bubbles created, with separate zones for each year, different drop-off and pick-up points for different year groups. Also, the promotion of hand cleaning with regular communication and posters, hand sanitisation points at all entrances and in communal areas, foot-operated and lidded bins, extra training and PPE equipment for domestic services staff and increased frequency of cleaning, especially communal areas and high volume common touch points e.g. doors. Vehicles are also being cleaned more regularly. Classrooms and communal areas have supplies of sanitiser, tissues and cleaning products. We have erected screens in some facilities e.g. IT classrooms and the Dining Hall to ensure social distancing. Sports fixtures against other schools have ceased. Our own students pursue activities outside wherever possible. We have had periods of closure for certain areas of the school, in line with guidance issued by Government and other professional bodies, for example the swimming pool, golf course and gymnasium. We have stopped external lets from using our facilities. Face coverings are required, we have focussed on ventilating rooms and vehicles and also asked students to minimise personal items being brought into College. Shared resources are also minimised and thoroughly cleaned where they are necessary. Most staff meetings take place on-line and continue to be held regularly to keep all informed. Staff wellbeing is of paramount importance. There is a dedicated space for isolation. We have a QR code for use by visitors. We make less use of whole school facilities' like Chapel, creating virtual events instead to ensure our community continue to have a full and varied experience and remain connected. We have held virtual open days to welcome prospective students and their families.

The school is currently full, not least because of the success of our online learning provision, however, the full extent of this pandemic remains to be seen as fee payers' businesses struggle to cope with the prolonged timeline and preventative measures.

School Performance and Achievements

During the year we educated an average of 602 children between the ages of 11 and 18. The school offers a wide curriculum and educates children with a relatively broad range of ability. The educational performance of the school was excellent, as demonstrated by the public examination results. GCSE/IGCSE candidates at the school achieved a 97% pass rate at grade 4 or above, of which 53% of entries were graded a grade 7 or higher, and at A Level 97% of grades were A to C, of which 52% of entries achieved grades A* or A. With the cancellation of the summer 2020 exam series these grades were awarded according to Ofqual's replacement system of Centre Assessments

DIRECTORS' REPORT (*incorporating the Strategic Report*) **YEAR ENDED 31ST AUGUST 2020**

Grades. These results are well above the national average for all schools and in line with the average performance of independent schools. A large majority of our students moved on to higher education, achieving their first choice destination. The College aims to help pupils to make their way in adult life. Of the 80 students going on to university, 57% gained places at Russell Group Universities. We had one successful Oxbridge candidate and once again our students are going on to study a broad range of courses at good quality universities.

We continue to improve facilities through constant investment in the fabric of the buildings and assets, and programmes to provide the best facilities to support teaching and learning.

Arts, Music and Drama

One of the important elements of any Woodard school is the concentration on arts, music and drama. Denstone College is involved in all different aspects of these activities and the inter-house 'Cultural Cup' has been a great success, continuing to run in a modified form despite the COVID-19 disruption.

The daily musical life of the College has continued to be busy and rewarding. As well as the main large ensembles of the Chapel Choir, College Orchestra and Swing Band, pupils have had the opportunity to join a whole host of music groups including Girls' Chamber Choir, Men's Choir, Brass, Flute and Saxophone Groups, Percussion and String Ensembles, a Music Tech and Composition Club, and a Rock Band activity. We encourage pupils to get involved in vocal groups, bands and ensembles covering all different genres and styles of music from the western classical tradition, to jazz, to rock and pop. The department has delivered around 200 individual music lessons a week, and seen a number of notable successes in ABRSM exams, including several Grade 8s, and a high number of Merits and Distinctions. The Music Department has hosted a wide range of concerts over the course of the academic year, including a number of informal concerts that have been extremely well attended, becoming very popular with both performers and audience alike. Large concerts such as the Christmas 'Winter Wonderland' concert were well attended, and gave the College ensembles an excellent opportunity to demonstrate the high standard of their playing. We have also seen successful contributions outside of the College, including external concerts, and a strong entry into the Woodard Young Musician of the Year competition, including a finalist. Curriculum lessons continue to develop the wider musical experience of the whole College, and offer an exciting range of performing and composing opportunities.

From March, with the College in lockdown, the Music Department continued to offer a range of musical activities through online formats, including a Chamber Choir and a Choir. Weekly virtual recitals were held, with pupils contributing recordings from home. Curriculum lessons were inventive and well attended, giving the pupils the opportunity to continue to learn and perform from home. This learning, crucially, continued to be fully musical, with plenty of practical activities. The superb Middle and Senior School Show was 'Sister Act', where quality performances were again played out to full audiences over four sell-out nights. The Junior School show was 'The Lion, The Witch and the Wardrobe'. Sadly, despite the efforts of 68 children from First to Third form, COVID-19 prevented this theatrical experience from taking place. Fortunately, the Second Form House Drama Festival was able to take place. This featured a series of plays performed by Second Form, but written and directed by the Lower Sixth Form. Those taking GCSE and A Level were also still able to perform a variety of different productions as a part of their curriculum assessments. We managed to squeeze the final shows into the Lent Term before we went into lockdown. The introduction of LAMDA lessons and exams has proven to be a complete success and we are now at full capacity: we have 42 students taking lessons. Although the exams were cancelled for the summer term, these are due to take place in December 2020. In early March, we took members of our Festival Theatre Group to The Newcastle Festival. The performers did exceptionally well in a number of different categories. Sadly, we were unable to take part in The Edinburgh Fringe Festival as planned: but our 5th and 6th Formers worked extremely hard to produce a piece of theatre that would have received glowing reports.

Opportunities are provided for pupils of all ages, both on stage and behind the scenes in wardrobe, stage management, or on the technical sound and lighting side. There are regular theatre and music trips, particularly but not exclusively for drama and music students.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

Sport

The enormous range of opportunities offered at Denstone College reflects the integral role sport plays within College life. Denstone Sport continues to grow in success, both in terms of participation and elite performance.

Yet again the 1st XV rugby team enjoyed an unprecedented level of success this season, winning all but two fixtures with reverses only against Sedbergh and Kirkham. Our Juniors have grown in strength, with some former competitor schools having to drop us from their fixture list because of the quality of our Junior teams. The College have again had their best ever performance in the St Joseph's National Festival. We continue to have the highest number of boys from one school in the Leicester Tigers U18 Academy.

Hockey continues to be a popular and growing sport for girls and boys in the Michaelmas and Lent Terms respectively. The current strength is at Under 14 level for both boys and girls. We currently have 3 boys and 4 girls in the England Hockey Player Pathway, attending the England Hockey Midlands Performance Centres (PC). One pupil has just been selected for England U16s girls.

The College has continued to develop its cricket programme in both participation and performance. We have developed even stronger links with Staffordshire and Derbyshire. Derbyshire 1st XI trained here last summer and there are plans for the Staffordshire 1st XI to play fixtures at the College in the future. Cricket is now unisex with seven girls representing the College in the Junior age groups and one on the England Performance Pathway.

The standard of, and interest in, tennis has risen dramatically over the past few years and has led to the building of new courts and a growing fixture list. Teams are now being entered into the National AEGON championships, both genders, as well as competing in the Derby Club League. Our tennis coach is now providing four afternoons of coaching all year round.

In netball, we regularly field 19 teams and have improved the quality of our fixture lists due to the amount of girls wanting to represent the College. We have also improved the quality of our netball coaching provision as the sport grows in popularity, with both training and matches now taking place in the Michaelmas and Lent Terms.

Lacrosse also continues to grow in popularity. We have 2 teams at 1st and U15 age groups. Some of the girls also train alongside the City of Stoke Lacrosse Club one evening a week and also play in fixtures for the Stoke Ladies team. One girl has been selected for U15 and U18 Shropshire County Lacrosse and is currently on the England Lacrosse Talent Development Pathway.

Athletic Development at Denstone continues to be an industry leader with regular visits from other schools. We have specialist coaches running an impressive strength and conditioning routine to run alongside pupil's opportunities in the cardiovascular (CV) gym. The thoroughly enjoyable annual Sports Day at the end of summer term usually provides a high level of pupil participation and inter-house competition, although in 2020 this event proved impossible due to lockdown.

Denstone has its own 9-hole course and golf continues to provide an alternative activity for a number of pupils. A significant improvement in our golf infrastructure and full time coaching is currently under consideration with a view to competing in golf on the national stage.

Community

Through development of, and provision of access to, our facilities, Denstone College remains at the heart of the community. Facilities, which are often offered at rates below commercial levels, that are made open to the public include:

- Our new all-weather cricket nets that are made available to both local senior and junior clubs, often along with coaching to participants.
- Our swimming pool, which is made available to local swimming clubs and to Staffordshire County Council for use by local primary and middle schools.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2020

- In addition to swimming lessons for our secondary age pupils, we provide 'Learn to Swim' teaching lessons for local children aged between 2 and 8, with over 300 participating, although naturally these were curtailed for periods of the year due to COVID-19.
- The Sports Hall is made available for local groups across various sports and leisure activities.
- Both our grass and all-weather sports pitches are recognised as being of high quality. There are regular fixtures against local schools in a variety of sports, with the outside community also able to use these facilities. Various youth groups and child sports clubs enjoy evening sessions, particularly on our floodlit all-weather pitch.
- We regularly host county, and indeed regional, hockey, rugby and cricket matches and trials, including some national cricket trials at various age levels.
- The local community are welcome to attend our Carols by Candlelight and other Chapel services and our drama and musical performances, either in the theatre or Chapel, are open to members of the village community, upon request – although external audience events have been limited since March due to COVID-19.
- The College allows some 80 associate members from the local community to enjoy our golf course facilities.
- Local primary and prep schools make use of our classroom, art and science blocks together with our teaching resource as part of their own curriculum development.
- Subject to the necessary permissions, we can host wedding ceremonies and receptions.
- In normal times, through our Enterprise Company, we provide our facilities to children and adults in various sport and general activity groups during the school holidays.

Other Activities undertaken in the Community

These include the many that benefit from the fundraising efforts of our pupils and staff, and from volunteer work locally and further afield. The Choir regularly sing at a local nursing home and pupils involved in the 'Everyone Can Help Someone' activity also visit another local nursing home. Members of the College Combined Cadet Force (CCF) contingent meet with local Army, Air Training and Sea Cadets in competition. Local cadet forces and Uttoxeter Rifle Club use the outdoor range. Pupils embarking on their Duke of Edinburgh Awards regularly visit the elderly and help with local projects. Our Directors of Rugby and Hockey are in regular contact with local clubs. We continue to value our links with the local community and make facilities available to them.

Outreach

The College has significantly increased its outreach and partnership work in the last two years. We continue to extend our classroom teaching provision to some Lower and Upper Sixth Form pupils from Painsley Catholic College in Cheadle and Thomas Alleyne's High School in Uttoxeter, who come to Denstone College for some of their Music and French classes. We also work in partnership with Painsley to provide placements for PGCE students, and have recently waived the associated £3,500 payment due to us from Painsley. Pupils from local state schools are invited to various free UCAS, Careers and Oxbridge preparation sessions. Staff from local state schools are regularly invited to INSET at the College, free of charge. We have also seconded members of our Drama and MFL staff to local state schools to support and advise an incoming Head of Department.

Many students undertake community based projects as part of their DofE Awards and other general charitable activities. Our Head of Outdoors Pursuits has gained permission for Denstone to act as the DofE Licensed Organisation for 2 disabled pupils from other schools so that they can complete their DofE Awards, which are not offered at their schools, through us. We also host free coaching sessions for various local rugby clubs, including this year Ashbourne, Burton and Mansfield Rugby Clubs, and we are now looking to extend similar opportunities to hockey clubs.

The charity is continuing to develop wider community links.

Wider Experiences

There were again many school trips, although a number of these later in the year were cancelled due to COVID-19. For example, 5th Formers studying French again visited Nice, 5th and 6th Form historians visited Berlin and Krakow, and the usual large cohort of pupils were due on the annual ski trip to Alpe

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* **YEAR ENDED 31ST AUGUST 2020**

d'Huez in late March. Younger pupils enjoy Challenge Academy days and a trip to the National Space Centre, for example. Pupils in our Dedicated Athlete Scheme enjoyed various trips, including to St George's Park.

Combined Cadet Force (CCF), Duke of Edinburgh (DofE) Awards and Outdoor Pursuits

From 4th form upwards, all pupils have the opportunity to join the CCF, which has an Army and RAF section within the contingent. Currently over 120 students take part in the CCF. They enter many Brigade-run competitions and have previously been winners of the CCF Cadet Skills at Arms Meeting and overall best CCF in the Cadet Target Rifle Competition. The CCF runs a Field Day exercise every term at Swynnerton or Leek military training areas and attends an annual camp during the summer holidays. This is a week-long and can be anywhere in the country, and are run by the Cadet Training Team and held at current military bases, with regular Army or RAF instructors. Denstone College CCF is regarded as one of the best contingents within the brigade area and is well staffed with 8 Officers, drawn from the teaching staff. Our Remembrance Service was again very poignant this year.

DofE remains a big part of the activities programme. Over 70 pupils take part in Bronze award, 42 Silver and over 30 are aiming to complete Gold. Completion rates are improving and 5 pupils were due to attend St James's Palace to receive their Gold awards from HRH Prince Edward. 6 staff ensure the delivery of the syllabus to the students and help with the provision of the expeditions in holidays and over the exeats. Over lockdown, pupils adapted their section activities and were able to volunteer locally and show support for the NHS and local communities. The expeditions over the Summer Term were postponed to Michaelmas and involved day walks from school with no overnight camping. All pupils and parents were very supportive of this opportunity to complete the expedition section.

Outdoor pursuits continue to thrive at Denstone. The Sunday climbing club is well supported with a number of pupils working towards their NICAS and NIBAS awards. All 2nd Form will begin to take part in the NICAS scheme in the activities programme from Lent Term. 42 pupils were due to take part in a 3-week expedition to Kenya taking part in treks in the rift valley, participating in community projects, environmental projects and lots of challenging activities, but this was unfortunately cancelled due to COVID-19. Trips out have included mountain biking days at Cannock Chase, all the 2nd Form have been to the high ropes courses at Baggeridge and paddle board sessions in the school pool. The main Outdoor Pursuits programme was cut short with lockdown unfortunately, but many positive opportunities were provided across the school year as a whole, nevertheless.

Charitable Activities

As well as chapel collections, students take part in a wide range of sponsored events and fundraising activities. They are given the opportunity to nominate often local beneficiaries and this year, monies raised from home clothes days have been donated to a variety of organizations, including The British Legion, the RNIB, Endometriosis UK and Cancer research UK. Another example of such work would be the annual Christmas food bank collection, which pupils and staff enthusiastically support.

Fundraising Performance

No major fundraising initiatives were undertaken this year but a major campaign is planned for 2020/2021. There was, however, a request at the start of the first COVID-19 lockdown, in April, for help to contribute financially with our DT Department's effort to make visors for local Hospitals, GP Surgeries, Care Homes and Hospices to help in the efforts to keep staff, patients and residents safe; along with other projects to support the community. This request went to alumni, staff and parents and resulted in donations of £9,493 from 47 donors, 42 of whom signed Gift Aid declarations. No costs were incurred as all requests, communication and payments were electronic. We were grateful to receive the £10,000 donation from the OD Club for our Royal SpringBoard initiative. Our first SpringBoard pupil arrived into Lower Sixth in September, 2019 and our second is arriving in September, 2020, again in to Lower Sixth. We also received a £2,000 legacy from the will of an OD (Philips 1938-46) along with a handful of other, smaller, donations. Unfortunately, our planned 'fundraising' events were hit by the pandemic and both the Reunion for the Leavers of the 1980s & 1990s

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(due to take place on 2nd, May, 2020) and the 10 year Reunion for the 2010 Leavers (due to take place on 4th July, 2020) were postponed. We did hold a successful OD Medical Society Meeting in October, 2019 – involving 8 ODs and 24 pupils - but our OD Lawyers' Society trip for pupils to Stafford Crown Court on 20th March, 2020 was also postponed.

Investment Performance Against Objectives

The College does not undertake any investment in quoted securities either for unrestricted funds or the Advanced Fees Scheme. Investment in quoted securities is limited to our restricted and endowed funds and these are managed through the Woodard Corporation.

Key Performance Indicators

The Key Performance Indicators (KPIs) used by the school are:

KPI	Target	Actual
Surplus	5% of net fees	COVID-19 related deficit of £0.25m
Pupil Numbers	600	602
Total salaries to net fees	73% of net fees	82% (COVID-19 fee reduction)

COVID-19 has impacted the KPI's as we invoiced a lower remote learning fee and were closed to letting customers during holidays.

Statement on Brexit

Following the outcome of the UK referendum on European Union membership, the UK left the European Union on 31st January, 2020. In preparation for this date, and in anticipation of the transition period, the school reviewed operations to understand and plan for the initial impact from Brexit. Guidance was also available from a number of sources including the Independent Schools Bursars Association. At this stage it is not possible to implement comprehensive policies for all possible changes as the future trade, visa and travel agreements are not yet in place. The school will continue to work with relevant authorities, staff, parents and suppliers to fully understand the impact in all areas including particularly visa requirements, the supply chain and data handling and protection, in order to minimise risk and potential disruption. Denstone College has a relatively small number of international boarders, predominantly non-EEA, therefore any impact on student numbers and fee income would be minimal. Feedback from our European agents would suggest that the new visa requirements for EU students is also not being seen to have an impact on parents' decisions to educate in the UK.

FINANCIAL REVIEW

Results for the Year

The net incoming resources for the year amounted to £9.6m. The unusual year resulted in a deficit of £0.25m. This was below our targeted position due to the impacts of COVID-19. The school reduced fees for the Summer term and charged a fee for a remote learning provision instead of the Day or Boarding fees. This, in part, to recognise the hardship being faced by our community, our customers. We made use of the Government Coronavirus Job Retention Scheme and furloughed just over 100 members of our team at the maximum at various points between March and the following academic year.

Our trading company hires out Denstone College facilities during term time and non-term time and also undertakes commercial activity such as uniform and sportswear sale. Unfortunately, COVID-19 has impacted the trading company significantly this year and the company made only £96 contribution to the school's finances; this is atypical.

The parents of our pupils often make significant sacrifices to pay the fees. In doing so they help to relieve the state of the financial burden of educating 579 UK based children. The saving is estimated to have a value in the last year of £3.7m. The school is also unable to recover the VAT on purchases it

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makes. During the past year, Denstone College has paid an estimated £0.3m in irrecoverable VAT on goods and services.

In addition to the very substantial benefits our school brings to our pupils, the local community and society through the education we offer, our bursary programme and scholarships create a social asset without cost to the Exchequer.

Denstone College provides pensions to some staff. There are two schemes, as in prior years, detailed in note 28.

Reserves Level and Policy, and Financial Viability

Denstone College's policy is to retain sufficient unrestricted income reserves to enable the company to continue to meet its short-term financial obligations in the event of an unexpected revenue shortfall. To meet this policy, the school aims to make and retain an overall surplus of 3-5% in the short term to build up free reserves.

The balance sheet contains a number of non-cash and longer term liabilities, including those related to pensions. These items are excluded from consideration of the available reserves. Unrestricted funds decreased by £216k to total £5,528k, as shown in note 24, this being COVID-19 related. Denstone College plans to fund longer term capital expenditure and meet long term liabilities through careful management of resources and investments, through building reserves through operations and trading and through securing loans specifically to bring the preparatory school on-site. The company's unrestricted reserves are primarily invested in tangible fixed assets which are all used for its direct charitable activities.

In common with most independent schools, and due to having to fund their own capital investment plans, free reserves are at a negative balance illustrating the extent of the investment in our school. The school's total reserves of £5.9m at the year-end included £0.3m of endowed funds, £0.1m of restricted funds and £5.5m unrestricted designated funds. Denstone College also reserves for £152k of pension-funding deficit. Fixed assets held for charity use totalled £8.4m (2019: £8.7m), leaving free reserves of -£2.9m (2019: -£2.9m) at the year-end. The school's financial viability does not depend on income reserves but in its ability to continue to trade at a surplus on an annual basis, and on the substantial portfolio of fixed assets held for operational use. The school does not have, and cannot rely on, permanent endowments.

PRINCIPAL RISKS AND UNCERTAINTIES

It should be noted that these financial statements were compiled during the COVID-19 global pandemic and before a vaccine was confirmed. Like most trustees, the governors keep under consideration the impact of a catastrophic event on the school's ability to continue, but that event may come about from many causes and being specific about the source is not possible. The consideration of risks in the paragraphs below is therefore reflective of a more stable environment and does not specifically look at the pandemic, or other similar events, but offers a wider view of common events plus a specific risk looking at those events that could impact the continuity of education.

The governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be the principal risk faced by the school. The school is currently full, but there is no room for complacency. The governing body decided last year to increase fees in September 2019 by 3.5%. For September 2020 the governing body held fees flat to assist families impacted by COVID-19.

Health and Safety is always a significant area for risk management. The risks range from fire and infrastructure to personal risks (most notably when away from the campus on trips and expeditions). The level and breadth of activity at the school is impressive and the risks associated with all activities are minimised by thorough planning and risk assessment.

The potential loss of business rates relief is also considered a financial risk, as is the potential for VAT on school fees and, of course, the actuarial reviews and impacts on the Teachers' Pension Scheme.

The governing body is responsible for the identification and management of risks. The major risks to which the charity is exposed, as identified by the directors, have been reviewed and systems or procedures have been established to manage those risks. Detailed examination of the risks and

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DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2020

establishment of controls to mitigate them is delegated to the Senior Management Team. A formal review of the risk management processes is undertaken annually.

The principal risks to which the school is exposed include those affecting protection of pupils and security and preservation of charitable assets both now and in the future. Significant risk areas:

- the governors consider possible catastrophic events and ensure that the school has a plan in place to allow education to continue in a range of different scenarios
- the market in which the school operates is highly competitive and we monitor developments in education to ensure that pupils always receive a first class, holistic and varied educational experience in our school
- we strive to ensure that all staff are able to work in a safe and supportive environment and policies, procedures and training in Human Resource management and Health and Safety help to ensure that the school meets expectations
- the school operates in a highly regulated sector, including in matters of child protection, and we appoint appropriate professional advisers to ensure that we can keep up to date with all requirements; school or individual membership of bodies being the constituent associations of the Independent Schools Council also ensure that we have access to up to date information and support
- the school operates in an increasingly litigious environment and we appoint appropriate professional advisers and purchase insurance using specialist brokers and advisers to ensure that we can keep up to date with all requirements and meet all challenges
- all organisations face difficult economic conditions and directors and senior managers in the school keep abreast of economic conditions locally, nationally and internationally to identify trends and develop plans to address issues

The key controls used by the school include:

- formal agendas and minutes for all meetings of the governing body and committees
- terms of reference for all committees
- comprehensive strategic planning, financial forecasting, budgeting and management accounting
- established and identifiable organisational structures and reporting lines which are regularly reviewed
- comprehensive formal written policies
- clear authorisation limits
- vetting procedures, as required by law, for protection of the vulnerable

Financial risk management objectives and policies

The school uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from operations.

The main issues arising from the group's financial instruments are liquidity risk and interest rate risk. The school's directors adopt policies for managing each of the risks and these are summarised below:

- Liquidity risk – the school seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by negotiating adequate facilities from our bank.
- Interest rate risk – the school finances operations through a mixture of retained surpluses and use of a bank facility. The exposure to interest rate fluctuations is managed by day to day monitoring.

GOING CONCERN

As at 31 August 2020, the group was in a strong balance sheet position, with net assets of £5,948,996 (2019: £6,199,086). The governing body is aware however that net current liabilities stand at £2,049,110 (2019: net current liabilities of £1,958,877); included within creditors less than one year are fees in advance, which will be taken to income during 2020-21.

The governing body has reviewed in depth the impact of the global pandemic on school operations and finances. In summer term of 2019-20 the financial impact was mitigated through use of the various elements of support provided by the Government including the furlough scheme. It has brought challenges in terms of letting school premises and facilities, which is dependent on groups of people

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DIRECTORS' REPORT *(incorporating the Strategic Report)* **YEAR ENDED 31ST AUGUST 2020**

being able to visit the school site safely and in line with government guidelines; from mid-March 2020 to the date of approval of these financial statements, it has not been possible to let premises and facilities to external parties with a few minor exceptions like swim school. The governing body recognise that the financial implications in 2019-20 brought about as a result of the pandemic will continue into 2020-21, and possibly beyond, and continues to rework plans for the coming year, to ensure the financial impact on the school continues to be mitigated in the most appropriate way.

The governing body has also given due consideration to the plans in place for a merger of activities with Denstone College Preparatory School at Smallwood Manor, a small independent preparatory school nearby with whom Denstone College has historically worked very closely, and from where a substantial number of pupils of Denstone College are recruited. The trade and certain business assets of Denstone College Preparatory School at Smallwood Manor will be gifted to Denstone College on 1 September 2021 (or as soon as legally possible) . Detailed due diligence has been performed by Denstone College in respect of this planned merger of activities, and the governing body are confident that the financial impact can be dealt with comfortably, through guaranteed support of up to £550k from the parent company Woodard Corporation and through a new loan facility from the existing bankers Lloyds, with whom Denstone College have long had a supportive working relationship. This is in addition to the existing overdraft facility in place with Lloyds of £750k, which the governing body understand, through discussion with the bank, will be renewed at the same level during February 2021.

Performance of detailed financial modelling, including 18-month cashflow forecasting, demonstrates that through a combination of continually strong pupil numbers, a gradual uptake of holiday-time lettings and the use of external facilities for sporting events as government guidelines are relaxed, bank balances held, and the financial support offered by both the parent company Woodard Corporation and Lloyds Bank (as detailed above), the school has sufficient cash to remain a going concern for at least 12 months from the anticipated date of signing these accounts. The directors have therefore prepared the financial statements have on a going concern basis. Further details related to the adoption of the going concern basis can be found in the accounting policies on page 27.

FUTURE PLANS

The governing body's current five year strategic plan is reviewed on an annual basis. The key objectives of the current plan are:

1. To establish new markets for the school so that pupil numbers can be increased to be consistently above 600 year on year
2. To ensure the success of the preparatory school that opens on site in September 2021
3. To continue to embed High Performance Learning as a positive tool to enhance the education experience
4. To continue to build reserves to ensure resilience in difficult times
5. To develop our fundraising activities to offer further bursarial support and develop school facilities

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT *(incorporating the Strategic Report)* YEAR ENDED 31ST AUGUST 2020

DIRECTORS

The directors who served during the year, and the committees of which they are members, are:

Mr K P Threlfall (Chairman)	Resigned 4 July 2020	Finance, Remuneration, Foundation (Also invited to attend other committees in his capacity as Chair)
Prof. N T Ratcliffe (Chairman)	Appointed as Chair 5 July 2020	Finance, Education, Marketing, Personnel, Foundation, Remuneration, Compliance (Also invited to attend other committees in his capacity as Chair)
Mrs M M Amos		Finance
Mrs E L Bell		Education, Personnel, Compliance
Mr J S F Cash		Premises, Compliance
Mr M F Coffin		Finance
Mr A D Coley		Premises, Remuneration, Enterprise
Mr D A Cooper		Education, Compliance
Mrs J Dickson		Safeguarding, Foundation, Compliance
Mrs E Evans		Premises, Marketing, Enterprise
Mr B W Hinton		Education, Marketing, Safeguarding, Personnel, IT, Foundation, Remuneration
Capt. M Huddy		Premises, Safeguarding, IT, Foundation
Mr C J Lewis		Finance, Marketing, Credit, Enterprise
Mrs B McNally-Young		Personnel, IT,

None of the directors has any beneficial interest in the company.

Denstone College buys trustees and officers insurance on behalf of the directors.

AUDITORS

RSM UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

DENSTONE COLLEGE LIMITED

DIRECTORS' REPORT (*incorporating the Strategic Report*) YEAR ENDED 31ST AUGUST 2020

DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that 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 company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements 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; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

Approved by the Board of Directors of Denstone College on 11 January 2021, including, in their capacity as company directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Prof. N T Ratcliffe
CHAIRMAN

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED YEAR ENDED 31ST AUGUST 2020

Opinion

We have audited the financial statements of Denstone College Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 August 2020 which comprise the Group and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the 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 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 group's and the parent charitable company's affairs as at 31 August 2020 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 have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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.

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED *YEAR ENDED 31ST AUGUST 2020*

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 Directors' Report and the incorporated Strategic Report prepared for the purpose of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the incorporated Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 Statement of Directors' responsibilities set out on page 18, 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 Directors are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent 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.

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

DENSTONE COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENSTONE COLLEGE LIMITED *YEAR ENDED 31ST AUGUST 2020*

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.

Dale Thorpe (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
9th Floor, 3 Hardman Street
Manchester
M3 3HF

12 January 2021

DENSTONE COLLEGE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2020 £	2019 £
Income and endowments from:						
Charitable Activities						
School fees receivable	2	8,391,692	-	-	8,391,692	9,125,911
Ancillary trading income	3	557,683	-	-	557,683	782,593
Other trading activities						
Non-ancillary trading income	4	113,220	-	-	113,220	450,725
Investments						
Investment income	5	-	3,163	9,683	12,846	16,181
Bank and other interest	6	130	-	-	130	65
Other – Grants and donations						
Grants and donations	7	552,802	-	-	552,802	282,542
TOTAL INCOMING RESOURCES		<u>9,615,526</u>	<u>3,163</u>	<u>9,683</u>	<u>9,628,372</u>	<u>10,658,017</u>
Expenditure on:						
Raising funds						
Non-ancillary trading	8	129,894	-	-	129,894	190,175
Financing costs	9	60,733	-	-	60,733	128,649
Investment management		-	1,904	525	2,429	2,454
Fundraising and development		20	-	-	20	475
TOTAL DEDUCTIBLE COSTS		<u>190,647</u>	<u>1,904</u>	<u>525</u>	<u>193,076</u>	<u>321,753</u>
Charitable Activities						
Education and grant making	8	9,640,946	-	9,683	9,650,629	9,919,576
TOTAL EXPENDITURE		<u>9,831,593</u>	<u>1,904</u>	<u>10,208</u>	<u>9,843,705</u>	<u>10,241,329</u>
Net gains/(losses) on investment assets	14,15	-	(6,225)	(28,533)	(34,758)	(1,265)
Net income/(expenditure)		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Net movement in funds for the year		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Fund balances at 1st September 2019		<u>5,744,223</u>	<u>138,652</u>	<u>316,111</u>	<u>6,198,986</u>	<u>5,783,563</u>
FUND BALANCES AS AT 31ST AUGUST		<u><u>5,528,156</u></u>	<u><u>133,686</u></u>	<u><u>287,053</u></u>	<u><u>5,948,895</u></u>	<u><u>6,198,986</u></u>

All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 26 to 49 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CHARITY STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account) YEAR ENDED 31ST AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2020 £	2019 £
Income and endowments from:						
Charitable Activities						
School fees receivable	2	8,391,692	-	-	8,391,692	9,125,911
Ancillary trading income	3	451,161	-	-	451,161	616,986
Other trading activities						
Non-ancillary trading income	4	58,383	-	-	58,383	192,468
Investments						
Investment income	5	-	3,163	9,683	12,846	16,181
Bank and other interest	6	78	-	-	78	28
Other – Grants and donations						
Grants and donations	7	552,898	-	-	552,898	371,326
TOTAL INCOMING RESOURCES		<u>9,454,212</u>	<u>3,163</u>	<u>9,683</u>	<u>9,467,058</u>	<u>10,322,900</u>
Expenditure on:						
Raising funds						
Non-ancillary trading	8	-	-	-	-	-
Financing costs	9	53,292	-	-	53,292	116,688
Investment management		-	1,904	525	2,429	2,454
Fundraising and development		20	-	-	20	475
TOTAL DEDUCTIBLE COSTS		<u>53,312</u>	<u>1,904</u>	<u>525</u>	<u>55,741</u>	<u>119,617</u>
Charitable Activities						
Education and grant making	8	9,616,966	-	9,683	9,626,649	9,786,595
TOTAL EXPENDITURE		<u>9,670,279</u>	<u>1,904</u>	<u>10,208</u>	<u>9,682,391</u>	<u>9,906,212</u>
Net gains/(losses) on investment assets	14,15	-	(6,225)	(28,533)	(34,758)	(1,265)
Net income/(expenditure)		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Net movement in funds for the year		<u>(216,067)</u>	<u>(4,966)</u>	<u>(29,058)</u>	<u>(250,091)</u>	<u>415,423</u>
Fund balances at 1st September 2019		<u>5,744,223</u>	<u>138,652</u>	<u>316,111</u>	<u>6,198,986</u>	<u>5,783,563</u>
FUND BALANCES AS AT 31ST AUGUST		<u><u>5,528,156</u></u>	<u><u>133,686</u></u>	<u><u>287,053</u></u>	<u><u>5,948,895</u></u>	<u><u>6,198,986</u></u>

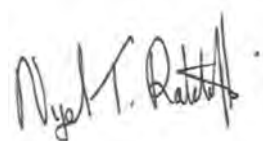
All amounts relate to continuing activities. All recognised gains and losses in the current and prior year are included in the statement of financial activities. The notes on pages 26 to 49 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31ST AUGUST 2020

	Notes	Group 2020 £	2019 £	Charity 2020 £	2019 £
FIXED ASSETS					
Tangible assets	13	8,403,902	8,669,450	8,403,902	8,669,450
Securities investments	14	376,823	414,533	376,923	414,633
		<u>8,780,725</u>	<u>9,083,983</u>	<u>8,780,825</u>	<u>9,084,083</u>
CURRENT ASSETS					
Stock		127,238	90,454	0	13,187
Debtors	15	243,893	694,425	456,668	896,544
Cash at bank and in hand		647,358	200,361	496,323	58,507
		<u>1,018,489</u>	<u>985,240</u>	<u>952,991</u>	<u>968,238</u>
CURRENT LIABILITIES					
Creditors payable within one year	16	(3,067,599)	(2,944,117)	(3,003,377)	(2,927,215)
NET CURRENT LIABILITIES		<u>(2,049,110)</u>	<u>(1,958,877)</u>	<u>(2,050,386)</u>	<u>(1,958,977)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,731,615	7,125,106	6,730,439	7,125,106
LONG TERM LIABILITIES					
Creditors payable after one year	17	(630,865)	(745,020)	(630,865)	(745,020)
TOTAL NET ASSETS EXCLUDING PENSION LIABILITY		6,100,750	6,380,086	6,099,574	6,380,086
Net pension liability	27	(151,754)	(181,000)	(151,754)	(181,000)
NET ASSETS		<u>5,948,996</u>	<u>6,199,086</u>	<u>5,947,820</u>	<u>6,199,086</u>
REPRESENTED BY:					
CALLED UP SHARE CAPITAL	22	100	100	100	100
ENDOWED FUNDS	25	287,053	316,111	287,053	316,111
RESTRICTED FUNDS	25	133,686	138,652	133,686	138,652
UNRESTRICTED FUNDS					
General reserve	25	5,528,157	5,744,223	5,526,981	5,744,223
		<u>5,948,996</u>	<u>6,199,086</u>	<u>5,947,820</u>	<u>6,199,086</u>

The financial statements were approved and authorised for issue by the Board on 11 January 2021 and signed on its behalf by



Prof. Nigel T Ratcliffe

CHAIRMAN

Company registration number 05010957

The notes on pages 26 to 49 form part of these financial statements.

DENSTONE COLLEGE LIMITED

CONSOLIDATED CASH FLOW STATEMENT AS AT 31ST AUGUST 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	34	<u>850,879</u>	<u>601,467</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		12,976	16,246
Purchase of property, plant and equipment		(94,083)	(64,732)
Proceeds from sale of investments		<u>300</u>	<u>2,433</u>
Net cash used in investing activities		<u>(80,807)</u>	<u>(46,053)</u>
Cash flows from financing activities:			
Repayments of overdraft		(262,242)	(373,915)
Financing costs		<u>(60,733)</u>	<u>(64,256)</u>
Net cash used in financing activities		<u>(322,975)</u>	<u>(438,171)</u>
Change in cash and cash equivalents in the year		447,097	117,243
Cash and cash equivalents at the beginning of the year		<u>200,261</u>	<u>83,018</u>
Cash and cash equivalents at the end of the year	29	<u><u>647,357</u></u>	<u><u>200,261</u></u>

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year are:

a) Basis of Accounting

The accounts of the group have been prepared under the Companies Act 2006 and in accordance with the Statement of Recommended Practice for Charities ('SORP (FRS102)') and with applicable UK Accounting Standards. They are drawn up on the historical cost accounting basis except that property and share investments held as fixed assets are carried at fair value.

Denstone College meets the definition of a public benefit entity under Financial Reporting Standard (FRS) 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details are provided in note 35, and in the accounting policies for depreciation of fixed assets, for pensions and for bad debts. The financial statements are presented in sterling (£) and the functional currency is sterling (£).

b) Going Concern

The accounts have been prepared on a going concern basis. The Denstone College Board reviews the financial information for the company and the group, and consider whether the group and company are a going concern for a period of at least 12 months from the date of approval of the accounts.

As at 31 August 2020, the group was in a strong balance sheet position, with net assets of £5,948,996 (2019: £6,199,086). The governing body is aware however that net current liabilities stand at £2,049,110 (2019: net current liabilities of £1,958,877); included within creditors less than one year are fees in advance, which will be taken to income during 2020-21.

The governing body has reviewed in depth the impact of the global pandemic on school operations and finances. In summer term of 2019-20 the financial impact was mitigated through use of the various elements of support provided by the Government including the furlough scheme. The governing body recognise that the financial implications in 2019-20 brought about as a result of the pandemic will continue into 2020-21, and possibly beyond, and continues to rework plans for the coming year, to ensure the financial impact on the school continues to be mitigated in the most appropriate way.

The governing body has also given due consideration to the plans in place for a merger of activities with Denstone College Preparatory School at Smallwood Manor, a small independent preparatory school nearby with whom Denstone College has historically worked very closely, and from where a substantial number of pupils of Denstone College are recruited. The trade and certain business assets of Denstone College Preparatory School at Smallwood Manor will be gifted to Denstone College on 1 September 2021 (or as soon as legally possible). Detailed due diligence has been performed by Denstone College in respect of this planned merger of activities, and the governing body are confident that the financial impact can be dealt with comfortably, through guaranteed support of up to £550k from the parent company Woodard Corporation and through a new loan from the existing bankers Lloyds, with whom Denstone College have long had a supportive working relationship. This is in addition to the existing overdraft facility in place with Lloyds of £750k, which the governing body understand, through discussion with the bank, will be renewed at the same level during February 2021.

Performance of detailed financial modelling, including 18 month cashflow forecasting, demonstrates that through a combination of continually strong pupil numbers, bank balances held, and the financial support offered by both the parent company Woodard Corporation and

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

Lloyds Bank (as detailed above), the school has sufficient cash to remain a going concern for at least 12 months from the anticipated date of signing these accounts. The directors have therefore prepared the financial statements have on a going concern basis.

c) **Group Accounts**

The financial statements consolidate the financial statements of the company, and all its subsidiary companies, charitable trusts and funds with all inter-company balances being eliminated. Entities are consolidated where Denstone College exercises overall control either through ownership of shares, or through having common trustees with a common objective. Accounting policies are consistently applied between group companies.

d) **School Fees Receivable and Similar Income**

Fees receivable and other educational income are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions by the school, but include contributions received from restricted funds for scholarships, bursaries and other grants. Fees in Advance Scheme Contracts are those fees received in advance of education to be provided in future years under a specific contract. The fees are either held as investments in interest bearing assets until taken to income to match liabilities in the term when used, or refunded, or they are held within the unrestricted reserves of the school. Any surplus of assets over liabilities is held within the fund as a buffer. Debts are provided for if not recovered within one term. Estimating amounts to provide against recovery of debts is a matter of judgement.

e) **Ancillary and Non-Ancillary Trading Income**

Ancillary trading income represents amounts from activities to generate funds within the charitable objects, for example school shop sales, coaches to and from school and school trips. Non-ancillary trading income represents amounts from activities not directly related to the charitable objects, for example lettings of school facilities out of term time and rental from spare school buildings. Income from these activities is recognised in the Statement of Financial Activities when the goods are sold or services provided.

f) **Other - Grants and Donations**

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can reliably be quantified and the economic benefit is considered probable.

Voluntary income for general purposes is accounted for as unrestricted and is credited to the General Reserve. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund and incoming endowments are accounted for as permanent trust capital or expendable trust capital, according to whether the donor intends retention to be permanent or not. 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 at the value to the school in case of donated services or facilities.

The CJRS grant is receivable as compensation for staff costs incurred and for the purpose of giving immediate financial support to the schools with no future related costs. It is recognised in income in the period in which it becomes receivable.

g) **Expenditure**

Expenditure is accrued as soon as there is a contractual obligation or a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates. Bad debts are provided for in accordance with the group bad debt policy. The cost of refurbishing and converting existing buildings is written-off in the year in which it is incurred except where the useful life has been extended.

h) **Finance and Other Costs**

Other costs include amounts accrued in accordance with the terms of Fees in Advance Scheme Contracts.

i) **Pension Costs**

The school company participates in the Teachers' Pensions scheme, which is an unfunded government scheme, which provide benefits based on final pensionable pay. The funds of the schemes are separate from the company, although the company's share of the schemes cannot be identified as the schemes are multi-employer schemes, and so the pension costs are accounted for as defined contribution schemes.

The company offers membership of the Pensions Trust Growth Plan to employees other than the full-time academic staff. The Pensions Trust Growth is a multi-employer pension scheme where the scheme assets are pooled for investment purposes and cannot be attributed to individual employers. Benefits are paid from the total scheme assets. It is in most respects a money purchase arrangement, but has some guarantees. As a result it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the company, though, due to the guarantees inherent in the scheme, the companies remain potentially liable for a debt on withdrawal from the scheme. In accordance with Financial Reporting Standard (FRS) 102 (section 28) therefore, the scheme is accounted for in a fashion which is similar to a defined contribution scheme.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. More detail is given in notes 27 and 35.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

j) **Tangible Fixed Assets and Depreciation**

In accordance with Section 35.10 (d) of FRS102, Denstone College has elected to use the carrying value of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost at the date of transition to FRS102, 1 September 2014.

Tangible fixed assets are stated at cost less depreciation. Individual capital items, or projects, with a value greater than £10,000 are capitalised. Assets in the course of construction are stated at cost less any provision for impairment. They are transferred to completed assets when substantially all of the activities necessary to get the asset ready for use are complete. Where appropriate cost includes our own labour costs in relation to construction, and directly attributable overheads.

Where tangible fixed assets have been acquired with the aid of specific grants they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset based on current market prices, over its expected useful life, as follows:

Freehold land is not depreciated

Freehold Buildings:	- Variable according to the building and written off over the expected useful life (see paragraph below)
Freehold improvements	- Over the useful economic life of the improvement
Leasehold land	- Over the shorter of the economic life of the asset or the life of the lease
Leasehold enhancement	- Over the economic life of the asset
Computer equipment	- 25% on cost
Telephone system	- 10% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost

The company has reviewed its tangible assets, which comprise land, buildings and initial fixtures and fittings. The company undertakes an annual review of all buildings assessing their useful economic life. In some cases the useful economic life of a building is anticipated to be of considerable length, often in excess of 100 years. The buildings are capitalised in the financial statements at historic cost. Where the calculated depreciation charge is a material figure, it is charged in these financial statements but, where the carrying value is not more than the estimated recoverable amount and the depreciation on the building is not material to these financial statements, it has been assessed, but not charged on the basis that it is not material. The directors will continue to carry out annual assessments of the recoverable amount and the estimated useful life of all buildings and where the depreciation is a material value, it will be charged. The review is based on the directors' assessments of the market value and the future economic benefit derived from an asset versus its carrying value in the financial statements.

When the company undertakes a significant refurbishment project that will have an economic benefit, the cost of the refurbishment is capitalised, recorded separately under 'Freehold Improvements', its useful life is estimated and it is depreciated over that useful life.

No depreciation is provided for in respect of investment properties in accordance with Section 16 of FRS102. Such properties are held for their investment potential and not for consumption within the business. Investment properties are stated at their fair value at the balance sheet date.

Denstone College exercises judgement in selection of appropriate rates for depreciation of fixed assets, and for matters of impairment.

k) **Financial Instruments**

Denstone College 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.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

l) **Securities and Fees in Advance Investments**

Securities and Fees in Advance investments are carried at fair value, which is deemed to be 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. Realised gains and losses are the difference between sales proceeds and opening market value where the investment was held at the beginning of the year, or sales proceeds less cost of purchase where the investment was acquired in the year. The revaluation reserve reflects the accumulated total of unrealised gains and losses. Uninvested cash is the balance of liquid cash, held as an investment, which has not been invested in securities.

m) **Stocks**

Stocks comprise raw materials, consumable stores and goods held for resale: they are valued at the lower of cost and net realisable value.

n) **Leasing Commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or the period of the lease whichever is the shorter. The interest element of the obligations is charged to the Statement of Financial Activities over the period of the lease. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term. Lease incentives are accounted for over the lease term on a straight-line basis.

o) **Fee Deposits**

Refundable fee deposits are currently classified between long term and short term in the financial statements. These deposits are refundable in the event that the pupils leave a school on one term's notice and as such the deposit would be refunded to the parents at that point. However, the financial statements are prepared on a going concern basis and it is assumed that the majority of children will remain in school for their full years of education and therefore the deposit will be refunded to them when they leave school.

Short term deposits reflect those pupils that will be leaving a school within one year, and the longer-term element reflects those pupils that will be leaving a school after 12 months from the balance sheet date.

p) **Fund Accounts**

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity. Endowment funds are further sub-divided into permanent and expendable, where required by the terms of the trust.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

q) **Taxation**

Denstone College is a registered charity and as such are exempt from income tax and corporation tax under the provisions of Section 478 of the Corporation Tax Act 2010. There is no similar exemption for VAT, which is included in expenditure or in the cost of assets as appropriate.

The school has a subsidiary company that is subject to taxes including corporation tax and VAT in the same way as any commercial organisation. The tax charged to the profit and loss account is based on the subsidiary company's profit for the year and takes into account tax arising because of timing differences between the treatment of certain items for tax and accounting purposes.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

Taxation (continued)

The subsidiary company distributes the majority of its profits to Denstone College under Gift Aid and tax liabilities are kept to a minimum.

2 CHARITABLE ACTIVITIES - SCHOOL FEES RECEIVABLE

	2020 £	2019 £
The school fees income comprises		
Gross fees	9,450,429	10,420,663
Less: Total scholarships, bursaries, etc	(1,070,696)	(1,294,752)
Add back: Scholarships, grants etc paid for by Restricted Funds	11,959	-
	<u>8,391,692</u>	<u>9,125,911</u>

331 scholarships, bursaries and other awards were paid to 292 pupils (2019: 332 awards to 298 pupils). Within this, means-tested bursaries totalling £436,776 were paid to 58 pupils (2019: £320,824 to 61 pupils).

The value of fee discounts given to parents in respect of online learning made necessary by the COVID-19 pandemic totalled approximately £0.8m (2019: £nil).

3 CHARITABLE ACTIVITIES - ANCILLARY TRADING INCOME

	2020 £	2019 £
Extras including pupil transport	422,560	585,424
Entrance fees and registration fees	22,809	24,152
Fees in lieu of notice	5,793	7,410
Other education income	-	-
Sundry other income	106,521	165,607
	<u>557,683</u>	<u>782,593</u>

4 OTHER TRADING ACTIVITIES

	2020 £	2019 £
Non-ancillary trading income		
Denstone College Enterprises turnover	53,094	257,313
Rents receivable	1,426	556
Interest receivable - pupil bills	3,574	201
Other non-ancillary trading income	55,126	192,655
	<u>113,220</u>	<u>450,725</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

5 INVESTMENTS - INVESTMENT INCOME

	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Securities investment income					
Equities	-	2,336	8,808	11,144	12,087
Fixed interest	-	783	808	1,591	4,073
Other investments	-	44	67	111	21
	<u>-</u>	<u>3,163</u>	<u>9,683</u>	<u>12,846</u>	<u>16,181</u>

6. INVESTMENTS - BANK AND OTHER INTEREST RECEIVABLE

	Unrestricted	Restricted	Endowed	Total 2020 £	Total 2019 £
Bank interest	130	-	-	130	65
Other interest					
	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>	<u>65</u>

7. OTHER - GRANTS AND DONATIONS

	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Grants to Denstone College from:					
Denstone College Enterprises Limited	-	-	-	-	88,784
Coronavirus Job Retention Scheme	473,063	-	-	473,063	-
Other grants and donations	86,464	-	-	86,464	282,542
Profit/(Loss) on Sale of Fixed Assets	<u>(6,725)</u>	<u>-</u>	<u>-</u>	<u>(6,725)</u>	<u>-</u>
	<u>552,802</u>	<u>-</u>	<u>-</u>	<u>552,802</u>	<u>371,326</u>

Coronavirus Job Retention Scheme (CJRS) income

The CJRS grant is receivable as compensation for staff costs incurred and for the purpose of giving immediate financial support to the schools with no future related costs. It is recognised in income in the period in which it becomes receivable.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

8. ANALYSIS OF EXPENDITURE

a) Total expenditure

	Staff Costs (Note 10) £	Support Costs £	Depreciation (Note 13) £	Total 2020 £	Total 2019 £
Costs of raising funds					
Non ancillary trading - Denstone College Enterprises Ltd - Lettings	28,085	101,809	-	129,894	190,175
Financing cost (Note 9)	-	60,733	-	60,733	128,649
Investment management	-	2,429	-	2,429	2,433
Fundraising and development	-	20	-	20	475
Total cost of generating funds	<u>28,085</u>	<u>164,991</u>	<u>-</u>	<u>193,076</u>	<u>321,732</u>
Charitable expenditure					
Teaching	4,669,945	575,202	116,611	5,361,758	5,290,628
Welfare	598,287	284,623	-	882,910	1,118,100
Premises	761,624	817,407	235,995	1,815,026	2,025,810
School admin & shop	865,561	682,718	-	1,548,279	1,511,685
Grants awards and prizes (Note 8b)	-	12,832	-	12,832	16,284
Movement in pension recovery plan (note 27)	-	5,489	-	5,489	(66,000)
	<u>6,895,417</u>	<u>2,378,271</u>	<u>352,606</u>	<u>9,626,294</u>	<u>9,896,507</u>
Governance costs	<u>-</u>	<u>24,335</u>	<u>-</u>	<u>24,335</u>	<u>23,069</u>
Education and grant making	<u>6,895,417</u>	<u>2,402,606</u>	<u>352,606</u>	<u>9,650,629</u>	<u>9,919,576</u>
Total expenditure	<u><u>6,923,502</u></u>	<u><u>2,567,597</u></u>	<u><u>352,606</u></u>	<u><u>9,843,705</u></u>	<u><u>10,241,308</u></u>

b) Grants' awards and prizes

Denstone College makes awards to individual families to support schooling.

	2020 £	2019 £
From Endowed Funds:		
Other grants and awards	9,682	11,959
From Restricted Funds:		
Other grants and awards	-	-
From Unrestricted Funds:		
Other grants and awards	3,150	4,325
	<u>12,832</u>	<u>16,284</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

8 ANALYSIS OF EXPENDITURE (Continued)

c) Total resources expended include:

Denstone College reimburses governors for out of pocket expenses including travel subsistence and accommodation, where a claim is made. No trustees were reimbursed during the year.

	2020 £	2019 £
Remuneration paid to auditor for audit services	19,000	16,600
Depreciation of tangible fixed assets		
- owned by the Charitable Company	352,606	353,294
Operating lease rentals:		
- other assets	278,876	5,647
Cost of stock/inventories recognised as an expense in the period	78,201	532,113
Reimbursement of personal expenses to governors	-	-

9 FINANCING COSTS

	2020 £	2019 £
Bank interest payable	5,141	5,218
Fees in advance and debt financing costs	25,895	36,813
Pension Scheme financing cost	2,775	22,214
Bank charges	12,012	17,322
Other finance costs	811	11
Provision for bad and doubtful debts	14,099	47,071
	<u>60,733</u>	<u>128,649</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

10 STAFF COSTS

	2020 £	2019 £
The aggregate payroll costs for the year were:		
Wages and salaries	5,554,243	5,526,468
Social security costs	534,965	529,862
Other pension costs	834,436	611,770
Private medical insurance	(142)	2,203
	<u>6,923,502</u>	<u>6,670,303</u>

Included in staff costs are redundancy or termination payments totalling £61k (2019: nil).

None of the governors received remuneration or other benefits from Denstone College or from any connected body.

The Headmaster, Bursar and Second Master are classed by the school as being the Key Management Personnel.

	2020 £	2019 £
Aggregate employee benefits of key management personnel	<u>327,376</u>	<u>220,902</u>

The number of higher paid employees whose annual emoluments were £60,000 or more was:

	2020 No	2019 No
£60,001 - £70,000	5	-
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-
£110,001 - £200,000	-	-

The number with retirement benefits accruing:
- in Defined Contribution schemes was

	1	-
--	---	---

Of which the contributions amounted to

	£0	£0
--	----	----

- in Defined Benefit schemes was

	7	2
--	---	---

Of which the contributions amounted to

	£109,172	£28,338
--	----------	---------

For 2020 there are zero (2019: zero) employees earning over £60,000 per year that have chosen not to participate in a pension scheme.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

10. STAFF COSTS (Continued)

The average number of employees during the year calculated on a head count basis, was 223
(2019: 232)

	2020 No	2019 No
Teaching	84	88
Welfare	39	43
Premises	38	41
Support	57	56
Other activities	5	4
	<hr/> 223 <hr/>	<hr/> 232 <hr/>

11. DIRECTORS

None of the directors (or any persons connected with them) received any remuneration during the year. Scholarships totalling £2,583 were awarded to children of directors attending the school (2019: £6,352).

12. TAXATION

The company is a registered charity and therefore no liability to taxation arises on its charitable activities.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

13. TANGIBLE FIXED ASSETS

Group and company

	Assets under construction	Freehold Land & Buildings	Plant & Equipment	Computer Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 st September 2019	-	9,463,106	491,212	709,681	552,833	48,445	11,265,277
Additions	77,896	-	16,187	-	-	-	94,083
Disposals	-	-	(38,936)	(38,305)	-	(10,100)	(87,341)
At 31st August 2020	77,896	9,463,106	468,463	671,376	552,833	38,345	11,272,019
Depreciation							
At 1 st September 2019	-	1,508,048	322,692	420,837	303,122	41,128	2,595,827
Charge for the year	-	152,141	33,611	116,611	42,024	5,521	349,908
Additions	-	-	2,698	-	-	-	2,698
Disposals	-	-	(31,911)	(38,305)	-	(10,100)	(80,316)
At 31st August 2020	-	1,660,189	327,090	499,143	345,146	36,549	2,868,117
Net book value at 31st August 2020	77,896	7,802,917	141,373	172,233	207,687	1,796	8,403,902
Net book value at 31 st August 2019	-	7,955,058	168,520	288,844	249,711	7,317	8,669,450

All tangible assets are held for charitable activities.

Finance leases and hire purchase contracts

The College had no finance leases or hire purchase obligations.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

14. SECURITIES INVESTMENTS

	Fees in Advance Investments		Securities Investments	
	2020	2019	2020	2019
	£	£	£	£
Group investments				
At 1 September	-	-	414,533	418,231
Amounts extracted	-	-	-	-
Investment management fees	-	-	(2,952)	(2,433)
Realised gains/(losses) on investments	-	-	-	-
Unrealised gains/(losses) on investments	-	-	(34,758)	(1,265)
Group investments at 31 August	-	-	376,823	414,533
Investment in subsidiaries	-	-	100	100
Company investments at 31 August	-	-	376,923	414,633
Investments comprise:				
Listed investments				
Fixed interest	-	-	118,428	117,991
Equities	-	-	247,465	282,660
Unlisted investments				
Land and buildings				
Other				
Cash	-	-	10,930	13,882
Group investments at 31 August			376,823	414,533
Investment in subsidiaries	-	-	100	100
Company investments at 31 August	-	-	376,923	414,633

Denstone College owns all of the share capital of Denstone College Enterprises Limited, a company incorporated in England/Wales. Further details are provided in note 33.

In addition to the above investments, cash balances within the Fees in Advance Scheme are included in current assets as cash deposits.

The main Securities Investments and Fees in Advance Scheme Investments deposits are managed for Denstone College by UBS Wealth Management (UK). All investments are managed and held in the UK.

Holdings at the year-end comprising more than 5% of the total are:

Artemis Income Fund Units	28.4%
M&G Securities Corporate BD	17.0%
Threadneedle Cross Industrial Funds	14.1%
iShares PLC FTSE 100 Fund	14.4%
iShares Corporate Bond Fund	15.3%
iShares S&P 500 SHS	10.7%

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

15. DEBTORS

	Group 2020 £	2019 £	Company 2020 £	2019 £
School fees receivable	13,932	377,680	13,932	377,680
Trade debtors	35,543	109,848	35,372	-
Staff loans	-	4,215	-	4,215
Other debtors	38,101	112,962	38,101	81,905
Prepayments and accrued income	149,218	84,227	149,218	80,868
Tax recoverable	3,314	5,493	-	5,493
Amounts due from subsidiary company	-	-	216,261	346,383
Amounts due from parent company	3,784	-	3,784	-
	243,892	694,425	456,668	896,544

16 CREDITORS: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	-	262,242	-	262,242
Deposits from parents	116,014	66,562	116,014	66,562
Fees received from parents in advance of term	702,501	1,086,307	702,501	1,086,307
Trade creditors	662,052	495,669	605,994	481,004
Taxation and social security	496,704	126,650	496,704	126,650
Other creditors	142,832	134,279	136,074	133,650
Fees in Advance Scheme	838,433	639,737	838,433	639,737
Accruals	109,063	128,887	107,657	127,279
Amounts due to Woodard Corporation	-	3,784	-	3,784
	3,067,599	2,944,117	3,003,377	2,927,215

17 CREDITORS: amounts falling due after one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Deposits from parents	150,260	198,851	150,260	198,851
Fees in Advance Scheme	480,605	546,169	480,605	546,169
	630,865	745,020	630,865	745,020

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

18 BANK FACILITY

The College has an overdraft facility of £750,000 with Lloyds Bank subject to annual review with the next review due on 28 February 2021 and secured by an unlimited debenture on 17 April 2018.

19 FEES IN ADVANCE SCHEME

Parents and others may enter into a contract to pay for fixed contributions towards pupil tuition fees for a number of years in advance. The money may be returned subject to specific conditions on the receipt of notice. Assuming pupils remain in the college, fees in advance will be applied as follows:

	2020 £	2019 £
After 5 years	-	10,734
Within 2 to 5 years	190,123	276,846
Within 1 to 2 years	290,482	258,589
Due after more than one year	480,605	546,169
Within 1 year	838,433	639,737
	<u>1,319,038</u>	<u>1,185,906</u>

Summary of movements in liability

	£
Balance at 1 September 2019	1,185,906
New contracts	663,636
Amounts used to pay fees	(482,506)
Repayments to parents	(47,998)
Balance at 31 August 2020	<u>1,319,038</u>

20 FINANCE LEASE OBLIGATIONS

The College had no finance lease obligations.

21 COMMITMENTS UNDER OPERATING LEASES

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

The future minimum commitments under non-cancellable operating leases are:

	2020	2019
	£	£
Within 1 year	90,579	5,647
Within 1 to 5 years	188,297	-
	<hr/>	<hr/>
	<u>278,876</u>	<u>5,647</u>

22. SHARE CAPITAL

	2020	2019
	£	£
Authorised		
100 Ordinary Shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary Shares of £1 each	100	100

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

23. FUNDS

Denstone College's funds are analysed under the following headings:

a) ENDOWED FUNDS

Special Endowment

The Special Endowment funds of the company include a number of individual trust and prize funds set up by donors as permanent capital. The income generated is restricted to funding scholarships, bursaries, grants and prizes.

b) RESTRICTED FUNDS

The benefit fund is held in trust by the Woodard Corporation to assist former pupils by contributing towards the school fees of their children or dependents or in such a manner (being exclusively charitable) as the Trustees consider for their benefit. The fund has been built up by voluntary contributions. The College Council has power to determine on behalf of the Trustees which pupils shall receive benefit and the nature and extent of such benefit. The purpose is to provide financial support to pupils whose family circumstances would otherwise prevent them from attending the College.

c) UNRESTRICTED FUNDS

Unrestricted funds represent accumulated income from the school's activities and other sources that are available for the general purposes of the school.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Tangible fixed assets	8,403,902	-	-	8,403,902	8,669,450
Securities investments	-	117,761	259,062	376,823	414,533
Fees in Advance Scheme	(1,319,038)	-	-	(1,319,038)	(1,185,906)
Net current					
(liabilities)/assets	(1,254,693)	15,925	27,991	(1,210,777)	(1,319,240)
Long term liabilities	(302,014)	-	-	(302,014)	(379,851)
	<u>5,528,157</u>	<u>133,686</u>	<u>287,053</u>	<u>5,948,896</u>	<u>6,198,986</u>

Charity	Unrestricted £	Restricted £	Endowed £	Total 2020 £	Total 2019 £
Tangible fixed assets	8,403,902	-	-	8,403,902	8,669,450
Securities investments	100	117,761	259,062	376,923	414,633
Fees in Advance Scheme					
investments	(1,319,038)	-	-	(1,319,038)	(1,185,906)
Net current					
(liabilities)/assets	(1,255,969)	15,925	27,991	(1,212,053)	(1,319,340)
Long term liabilities	(302,014)	-	-	(302,014)	(379,851)
	<u>5,526,981</u>	<u>133,868</u>	<u>287,053</u>	<u>5,947,720</u>	<u>6,198,986</u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

25. SUMMARY OF MOVEMENTS ON MAJOR FUNDS

	At 1 Sept 2019 £	Incoming resources £	Resources expended £	Gains/ (losses) £	At 31 August 2020 £
Endowed - Expendable					
Revaluation reserves	89,065	-	-	(28,533)	60,532
Scholarships, bursary & prize trust funds	227,046	9,683	(10,208)	-	226,521
	316,111	9,683	(10,208)	(28,533)	287,053
Restricted Funds					
Revaluation reserves	44,609	-	-	(6,225)	38,384
Scholarships, bursary & prize	94,043	3,163	(1,904)	-	95,302
	138,652	3,163	(1,904)	(6,225)	133,686
Unrestricted Funds					
General Reserve	5,744,223	9,615,527	(9,831,593)	-	5,528,157
	5,744,223	9,615,526	(9,831,593)	-	5,528,156
Share Capital	100	-	-	-	100
Total Funds	6,199,086	9,628,373	(9,843,705)	(34,758)	5,948,995

26. CAPITAL COMMITMENTS

At 31 August 2020, the group had capital commitments as follows:

	2020 £	2019 £
Expenditure contracted for but not provided in the accounts	-	-

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

27. PENSION SCHEMES

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,057k (2019: £819k) and at the year-end £502k (2019 - £67k) was accrued in respect of contributions to this scheme. As part of the Government support package to help businesses during the COVID-19 pandemic they offered payment holidays to businesses. We took advantage of the scheme and agreed payment holidays from April to August. All payments will be caught up by February 2021 and are planned in the cash-flow budget.

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 2019. The employer contribution rate was 23.6% from 1 September 2019. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

TPT Retirement Solutions

A further full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2019 to 31 January 2025:	£33k per annum (payable monthly and increasing by 3% each on 1st April)
---------------------------------------	---

Unless a concession has been agreed with the Trustee the term to 30 January 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

27. PENSION SCHEMES (Continued)

Present Values of Provision	2020 £000s	2019 £000s
Present value of provision	152	181
Reconciliation of opening and closing provisions	2020 £000s	2019 £000s
Provision at 1 September	181	247
Unwinding of the discount factor	2	4
Deficit contribution paid	(32)	(33)
Remeasurements - impact of any change in assumptions	1	3
Remeasurements - amendments to the contribution schedule	-	(40)
Provision at 31 August	152	181

Income and expenditure impact

	2020 £000s	2019 £000s
Interest expense	2	4
Unwinding of the discount factor	-	-
Remeasurements - impact of any change in assumptions	1	3
Remeasurements - amendments to the contribution schedule	-	(40)
	2020	2019

Assumptions

	% per annum	% per annum
Rate of discount	0.55	0.97

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Deficit Contributions Schedule

The following schedule shows the deficit contributions agreed between the company and the scheme at each year end period:

	2020 £000s	2019 £000s
Year 1	33	32
Year 2	34	33
Year 3	35	34
Year 4	36	35
Year 5	15	36
Year 6		15

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

27. PENSION SCHEMES (Continued)

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

28. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2020 £	2019 £
Net income for the period (as per the Statement of Financial Activities)	(250,091)	415,423
Adjustments for		
Depreciation charges	352,606	353,294
(Gains)/losses on investments	34,758	1,265
Dividends, interest and rents from investments	(12,976)	(16,246)
Financing costs	60,733	64,256
Investment Management Fees	2,952	-
Loss/(profit) on the sale of fixed assets	6,725	-
(Increase)/decrease in stocks	(36,784)	(15,127)
(Increase)/decrease in debtors	450,532	52,266
Increase/(decrease) in creditors	242,323	(253,664)
Net cash provided by (used in) operating activities	850,879	601,467

29. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand and at bank	647,358	200,631
Other loans	-	-
Overdraft facilities repayable on demand	-	-
Total cash and cash equivalents	647,358	200,631

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS *YEAR ENDED 31ST AUGUST 2020*

30. SUBSIDIARIES

The Company owns all of the share capital of Denstone College Enterprises Limited (DCEL), a company incorporated in England and Wales (Company number: 05181951). This company carries out trading activity on behalf of the school including commercial letting and sales from the school's tuck shop which also includes uniform.

Denstone College Enterprises Limited had a turnover of £161k (2019: £424k), gross profit of £3k (2019: £82k), and a profit before tax and gift aid of £0.1k in the year ended 31 August 2020 (2019: profit of £79k). At 31 August 2020 the company had shareholder's funds of £100 (2019: £100).

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

31 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - Comparative figures by fund type

Year ended 31 August 2019	Unrestricted £	Restricted £	Endowed £	Total £
Income and endowments from				
Charitable activities				
School fees receivable	9,125,911	-	-	9,125,911
Ancillary trading income	782,593	-	-	782,593
Other trading activities				
Non-ancillary trading income	450,725	-	-	450,725
Other activities	-	-	-	-
Investments				
Investment income	-	4,222	11,959	16,181
Bank and other interest	65	-	-	65
Voluntary sources				
Grants and donations	282,542	-	-	282,542
Other incoming resources				
Total incoming resources	<u>10,641,836</u>	<u>4,222</u>	<u>11,959</u>	<u>10,658,017</u>
Expenditure on:				
Raising funds				
Non ancillary trading	190,175	-	-	190,175
Other income generating activities		-	-	-
Financing costs	128,649	-	-	128,649
Investment management	(11,938)	2,341	12,051	2,454
Fundraising and development	475	-	-	475
Total deductible costs	<u>307,361</u>	<u>2,341</u>	<u>12,051</u>	<u>321,753</u>
Charitable activities				
Education and grant making	9,919,576	-	-	9,919,576
Total resources expended	<u>10,226,937</u>	<u>2,341</u>	<u>12,051</u>	<u>10,241,329</u>
Net gains/(losses) on investment assets	-	2,706	(3,971)	(1,265)
Net income/(expenditure)	<u>414,899</u>	<u>4,587</u>	<u>(4,063)</u>	<u>415,423</u>
Transfers between funds	-	-	-	-
Other recognised gains/(losses)				
Pension scheme actuarial gains/(losses)	-	-	-	-
Net movement in funds for the year	<u>414,899</u>	<u>4,587</u>	<u>(4,063)</u>	<u>415,423</u>
Fund balances at 1 September	5,329,324	134,065	320,174	5,783,563
Fund balances at 31 August	<u><u>5,744,223</u></u>	<u><u>138,652</u></u>	<u><u>316,111</u></u>	<u><u>6,198,986</u></u>

DENSTONE COLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST AUGUST 2020

32. CONTINGENT LIABILITIES

The College has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2019. As of this date the estimated employer debt for the Company was £516,791, including Series 3 liabilities.

33. ULTIMATE CONTROLLING PARTY

The Woodard Corporation Limited is the ultimate controlling party, a registered charity number 1096270, which is incorporated in England and Wales. Copies of the financial statements of the Woodard Corporation can be obtained from High Street, Abbots Bromley, Rugeley, Staffordshire, WS15 3BW. The accounts of Denstone College Limited are included within the consolidated financial statements of the Woodard Corporation Limited.

34. RELATED PARTIES

As stated in note 31, Denstone College Limited is a wholly owned subsidiary of The Woodard Corporation. An amount of £45,303 (2019: £64,274) was paid during the year to Woodard Corporation by way of a levy to meet running costs. This was only for 2 terms, 1 term reduction due to COVID-19. There was a £0 balance (2019: £0) outstanding at the year end.

The company also controls a subsidiary trading company, Denstone College Enterprises Limited (DCEL). An amount of £96 (2019: £78,784) was given by DCEL to the company by gift aid. Other transactions between the two companies totalling £138,598 (2019: £267,968) comprised: salary costs; costs of purchases made by the company on behalf of DCEL; and items from the School Shop charged to pupil bills.

During the year we made payments totalling £22k to Ainsley & Partners. A Director of the College holds a 50% equity share in Ainsley & Partners. The payment relates to professional fees associated with the preparatory school project.

35. POST BALANCE SHEET EVENTS

Nothing to report.

36. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, the directors are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the financial statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cash-flows. Accounting policies are shown at note 1 to the financial statements.

Pension scheme deficit reduction payments

As explained at note 27, there is a deficit reduction plan in place in respect of Denstone College's membership of the Pension Trust's Growth Plan. FRS 102 requires a liability to be recognised in respect of the present value of future contributions payable under the terms of the deficit recovery plan. The incorporation of this liability in the financial statements involves the exercise of judgement in a number of areas, including the selection of an appropriate discount rate.

Pension scheme contingent liability

Per note 31, there is a contingent liability in the event that Denstone College were to withdraw its membership of the Pension Trust's Growth Plan. The independent qualified actuaries advising the Pensions Trust in respect of the contingent withdrawal liability exercise significant judgement in determining the amount of that liability. Judgement is exercised in a number of areas, including future changes in salaries, inflation, mortality rates and the selection of appropriate discount rates.

Provision for bad debts

Estimating amounts to provide against recovery of debts is a matter of judgement.

Depreciation, impairment and residual values of fixed assets

Judgement is exercised in estimating the residual values of fixed assets, the selection of appropriate rates for depreciation, and for matters of impairment.

Denstone College Limited

Audit findings report
year ended 31 August 2020

12 January 2021



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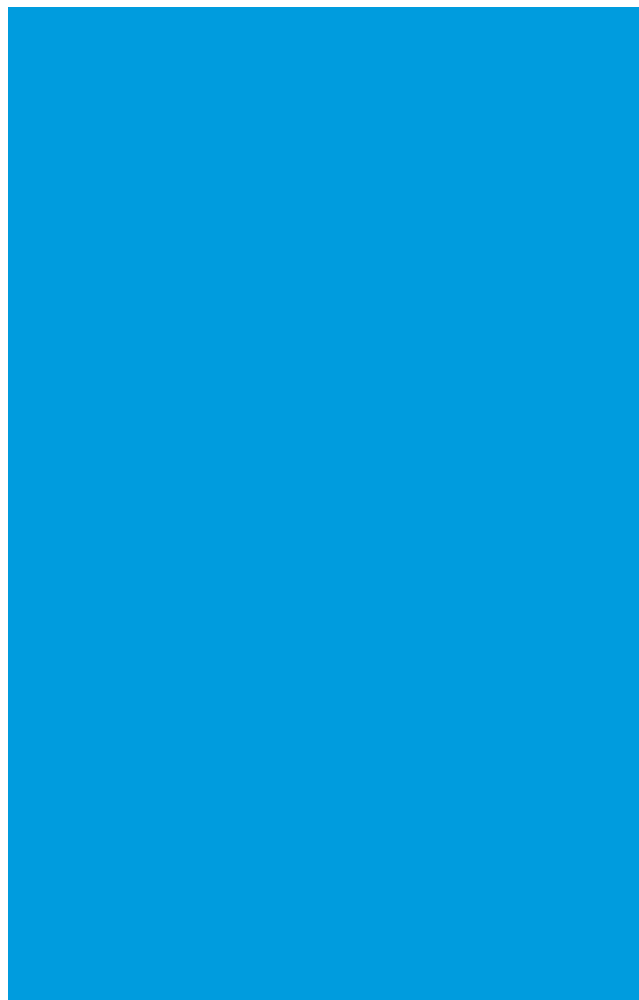
Appendix 18

Executive Summary

This report summarises our key findings in connection with the audit of the financial statements of Denstone College Limited and its subsidiary in respect of the year ended 31 August 2020.

The scope of our work was communicated to you via our Audit Plan document. We believe that the audit approach adopted will provide the Board with the required confidence that a thorough and robust audit has been carried out.

Our audit work is now complete and we will issue an unmodified audit opinion on the group's financial statements in line with the agreed timetable.



Risks and approach

We have carried out testing as planned on the risks identified during planning and draw your attention to the following key points for discussion:

- Going concern and the impact of Covid-19

Additional matters

While some audit findings are consistent with those reported to management last year, we would like to bring to your attention that we have noted a significant improvement in the financial control environment and audit management of the bursary team. Our findings show that certain areas are a work in progress, but we thank Maria Walker and her team for the work that has been undertaken throughout the year under difficult circumstances to improve the quality and reliability of financial information. We believe management are making the right steps to have appropriately experienced and competent individuals in place.

In addition, the following matters came to light as a result of our work, which are covered later in this report:

- Recognition of furlough income
- Disclosure of parental deposits

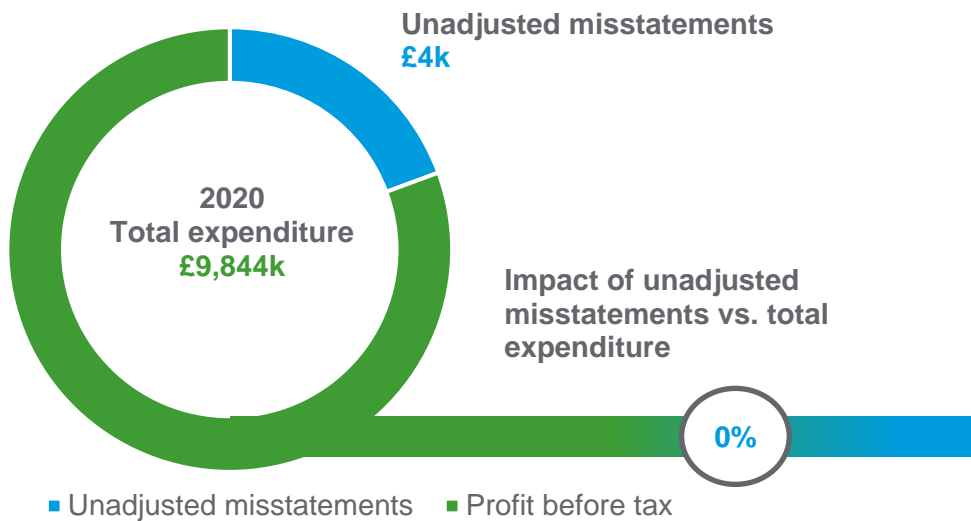
Final materiality

Group Materiality was determined based on 2.4% of total expenditure for the year.

No changes have been necessary to the materiality level noted in our planning document to reflect final year end results.

Unadjusted audit misstatements

We have identified potential audit misstatements of £4k which would have a 0% impact on the total expenditure as highlighted below. A list of the unadjusted misstatements is included in the Appendix.



Disclosure misstatements and omissions

There are no significant known misstatements or omissions which have not been updated by management.

Risks identified at the planning stage

Risk	Description	Response	Findings
Recoverability of fee debtors	<p>School fees represent Denstone College's principal income stream. This presents a risk surrounding whether fees in relation to all pupils are complete and recoverable.</p> <p>This is of particular relevance this year given the impact Covid-19 may be having on the ability of some parents to pay fees as they fall due.</p> <p>From our planning discussions, we are aware that measures are in place to minimise the level of fees owing at the year-end and that there does not appear to be a significant issue; However, we will pay particular attention to this area of the audit this year.</p>	<p>We will enquire, walkthrough test and document our understanding of the processes and controls over fee income and the debtor's cycle.</p> <p>We will prepare an expected fee level based on pupil numbers and agreed fees per term, and the amounts deferred.</p> <p>We will review a sample of the fees owed at the year end and assess their recoverability by evidence of receipts after the year end and discussion with management about any arrangements in place to recover these debts.</p> <p>We will review the aggregate bad and doubtful debt provision and ensure that it is adequate but not excessive.</p> <p>We will review discounts/concessions offered.</p>	<p>Our approach to testing of outstanding fee debtors was changed, as it was not possible to obtain a reconciled billing ledger report as at the year end date. We understand that the implementation of a new accounting system during 2020/21 should rectify this issue; if not, we recommend this report is run on the 31 August 2021 year end date to enable this testing to take place.</p> <p>In order to gain comfort over the balance we obtained the billing ledger report for a post year end date during the audit and reconciled it to the nominal ledger as at that date. No issues were noted with this reconciliation, giving comfort over the integrity of the billing and financial reporting systems.</p> <p>Additionally, we tested the reliability of the post year end billing ledger report by confirming a sample of accounts to backing evidence. This testing was satisfactory.</p> <p>Finally, we tested the recoverability of fee debtors using the post year-end report, reviewing the potential need for a bad debt provision. We concluded that no material provision is required, which shows the significant improvement in fee recoverability compared to last year.</p>
Going concern and the impact of Covid-19	<p>It is the responsibility of the Directors/Trustees to assess whether the group is a going concern. Due to continuing uncertainties in the wider economy both directly and indirectly related to the Coronavirus pandemic, the appropriateness of the Going Concern assumption cannot be presumed irrespective of performance during the year.</p> <p>The impact of Covid-19 (Coronavirus) is having an adverse effect on the trading performance and profitability of entities as well as the wider economy.</p> <p>This is expected to impact accounting estimates</p>	<p>We have discussed the implications of the Coronavirus outbreak for the audit timetable with management and this has been accommodated in the Timing of the audit section of the Audit Plan. As part of our audit we will consider:</p> <ul style="list-style-type: none"> Management's analysis of the ongoing and potential impact of the Coronavirus outbreak on the entity's business model and strategies e.g. fee income, pupil recruitment, costs, availability of labour, and financing arrangements. The forward-looking assumptions used by management in their assessments relating to asset valuations (e.g. property, financial instruments etc), 	<p>We reviewed the core budget and cashflow forecast as well as a sensitised forecast to ensure sufficient headroom in the event of a downturn in pupil numbers, or fluctuations in cashflow.</p> <p>This has shown that the School is most likely able to operate within its bank overdraft facility, with sufficient headroom should pupil numbers not be as expected or suffer from a change in costs or cash projections.</p> <p>We have considered the potential financial impact to the school of the planned merger with Denstone College Preparatory School in summer 2021. This included a review of the bank finance offer, which is yet to be finalised, and provide the necessary financial support to allow this project to go ahead. We have also discussed this with Lloyds Bank.</p>

Risk	Description	Response	Findings
	<p>and judgements in the financial statements, in particular, the valuation of investments and the recoverability of fee debtors. It is also expected to affect the associated disclosures in the financial statements and accompanying documents, in particular, principal risks and uncertainties in the strategic report, liquidity and credit risk disclosures in the directors' report, critical accounting estimates and judgements in the notes to the accounts.</p> <p>We are also aware that some staff were furloughed during the year due to Covid-19 under the Coronavirus Job Retention Scheme. There is a risk that the scheme rules have not been applied correctly.</p> <p>Given the unpredictable nature and impact of the outbreak and how rapidly responses are changing, particular attention will need to be given with regards to the going concern basis of accounting and its related disclosures.</p> <p>The nature, timing and extent of our audit procedures is expected to be impacted in the following ways:</p> <ul style="list-style-type: none"> Increased risk associated with the valuation of particular assets and unrecorded liabilities as set out above; Increased focus on management's going concern assessment and associated disclosures; The need to regularly revisit our risk assessment and responses to those risks as more information comes to light regarding the impact of the virus and government-imposed restrictions; Access to premises, people and transport and our ability to conduct alternative audit procedures. 	<p>asset impairment reviews, going concern and valuation of pension deficits.</p> <ul style="list-style-type: none"> Management's sensitivity analysis to reasonably possible changes in their assumptions, including downsides. Management's scenario analysis and contingency plans. Supporting evidence provided by management for their assumptions, and related disclosures, and challenge where necessary. Sufficiency of related disclosures in the financial statements, depending on the degree of sensitivity to changes in assumptions and whether there is a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. Consistency, adequacy, and specificity of disclosures in the Strategic Report in respect of Coronavirus related principal risks and uncertainties and future plans. Management's assessment of developments in relation to the Coronavirus outbreak occurring after the reporting date and whether they are adjusting or non-adjusting events, and adequacy of related disclosure. Implications, if any, for our audit report. We will review furloughing procedures to ensure staff are furloughed correctly and that government legislation has been followed appropriately. <p>We may seek written representations from management about their plans for mitigating potentially adverse effects of the Coronavirus outbreak.</p>	<p>Management and the board have applied the going concern basis of accounting. On the basis that should this bank financing not be received, the refurbishment building work and the DCPS merger will not go ahead in the next 12 months. We concur with management's assumption that the college is a going concern.</p>

Risk	Description	Response	Findings
	It is essential that we have sufficient time to build the effects of this outbreak into the performance of our audit engagement. It may be necessary for you to defer your reporting deadlines to ensure our quality audit is not compromised and to allow management time to reassess any judgements and estimates as necessary.		
Management override	ISA (UK & Ireland) 240 requires that we plan our work to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.	<p>Per ISA (UK&I) 240, there are 3 specific areas which an auditor should review in relation to the risk of management override of controls:</p> <p>Appropriateness of Journal Entries These are reviewed as part of the overall analytical review of a balance within the financial statements. A separate risk assessed review of all journals processed in the year will also be undertaken to ensure due process is followed and journals are used appropriately.</p> <p>Review of Accounting Estimates for Bias We will review the financial statements for areas of estimation and bias. The main areas expected are depreciation and the bad debt provision.</p> <p>Understand the rationale for transactions outside the normal course of the client's business Any such transaction of a material nature would be picked up as part of analytical review procedures and discussions with management, as there would likely be a variance from either expected or the prior year balance.</p>	<p>Appropriateness of Journal Entries Testing has been completed and reviewed with no issues noted. We have made some recommendations on page 12 onwards of this report in regard to review and authorisation procedures for journal postings and petty cash management.</p> <p>Review of Accounting Estimates for Bias Our review of the financial statements for areas of estimation and bias did not highlight any significant issues. Our observations in respect of assumptions used in the calculation of depreciation and bad debt provision have not highlighted any issues.</p> <p>Understand the rationale for transactions outside the normal course of the client's business No unusual transactions have been noted from the work performed.</p>
Staff costs	The nature of Denstone College is such that wages and salaries form a very significant part of expenditure in the financial statements. The risk therefore arises that if this is misstated, it is likely to be material.	<p>We will gain an understanding of procedures and controls in place to record and process employee remuneration.</p> <p>We will test the controls in place and place reliance upon these as appropriate.</p> <p>We will analytically review payroll costs and corroborate with management any unusual changes.</p>	<p>Staff costs have been proven to be reasonable and reflect the staff changes during the year; however a control recommendation has been included on page 11 regarding an analysis of staff costs on a full time equivalent basis.</p> <p>We confirmed a sample of salary, social security and pension costs to employee contracts and other backing evidence, for which no issues were noted.</p>

Risk	Description	Response	Findings
Carrying value of school properties	<p>The number of school properties are very old and are depreciated over 100 years.</p> <p>The risk therefore is that the carrying values of the school buildings are overstated and therefore impairment of the buildings may be required.</p>	<p>We will review the depreciation policy of the buildings and confirm whether any impairment review is necessary.</p> <p>We will also consider whether the distinction between fixed asset and investment property has been made appropriately for any residential property, and if relevant if there have been any significant movements in the income streams associated with properties.</p> <p>We will review that the disclosures made in the financial statements are appropriate and adequate.</p>	<p>We were able to perform our work as planned and have no significant issues to bring to your attention in respect of the carrying value of school properties.</p>
Valuation of investments	<p>We understand that certain investments are held by Woodard Corporation on behalf of Denstone College. These may or may not relate to the 'Fees in Advance' scheme.</p> <p>There is a risk that the investments and valuation movements are not correctly accounted for within Denstone College and/or Woodard Corporation's financial statements.</p>	<p>Investments owned by Denstone College should be included within the financial statements in the balance sheet at "fair value", which will normally mean their current open market value – actual or estimated – for publicly traded securities and for investment properties.</p> <p>The valuation of investments will therefore be agreed to confirmations received direct from the investment managers (and if relevant, property valuers).</p> <p>We will review the movements during the year and ensure that these have been correctly reflected in the financial statements.</p> <p>We will also confirm that the accounts disclosures are correct in respect of investments and cash deposits held as part of the 'Fees in Advance' scheme.</p>	<p>We were able to perform our work as planned and have no significant issues to bring to your attention in respect of the valuation of investments.</p>
Brexit financial reporting considerations	<p>As the UK leaves the EU and until the longer-term effects become clear, businesses face a period of political and economic uncertainty which may expose them to new opportunities and/or risks, or change the scale and likelihood of existing ones, that affect their business model and strategies.</p> <p>Significant effects, or possible significant effects, of Brexit will have implications for:</p> <ul style="list-style-type: none"> the preparation of the financial statements Directors Report incorporating the Strategic Report <p>Identifying the significant effects, or possible</p>	<p>As part of our audit we will consider:</p> <ul style="list-style-type: none"> Management's analysis of the potential Brexit effects on the entity's business model and strategies. Management's sensitivity analysis to reasonably possible changes in their assumptions, including downsides. Supporting evidence provided by management for their assumptions, and related disclosures, and challenge where necessary. Sufficiency of related disclosures in the financial statements, depending on the degree of sensitivity to changes in assumptions and whether there is a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. 	<p>This was discussed with management and we were provided with assurances that due consideration has been given to the potential impact of Brexit.</p> <p>Overseas pupils are not numerous at the College, so any additional administrative work required in respect of visas, or a decrease in overseas pupils, would be manageable.</p> <p>In terms of food supplies, most suppliers to the College are local and stores of dry goods are being gradually increased to cope with possible supply chain issues.</p> <p>It has been agreed that a brief statement in the Trustees' Report will be made to inform users that the expected impact of Brexit on the College will be manageable.</p>





Risk	Description	Response	Findings
	significant effects, of Brexit and assessing their impact may prove challenging in the current political and economic environment. However, we expect management to provide us with their analysis of the potential Brexit effects they have identified, together with supporting evidence in relation to key assumptions and related disclosures.	<ul style="list-style-type: none"> Consistency, adequacy, and specificity of disclosures in the Strategic Report in respect of Brexit related principal risks and uncertainties and future plans. Management's assessment of developments in relation to Brexit occurring after the reporting date and whether they are adjusting or non-adjusting events. Implications, if any, for our audit report. <p>We may seek written representations from management about their plans for mitigating potentially adverse effects of Brexit.</p>	
Fees in advance	<p>The college operates a fee in advance scheme whereby parents can pay for their children's fees in advance and obtain a discount off the fees over the life of their time at the college.</p> <p>The risk therefore arises that these discounts are incorrectly calculated, and the liability is not split correctly between short-term and long-term liabilities.</p>	<p>We will review a sample of the discount calculations and ensure that these have been appropriately classified in the accounts for the current year.</p> <p>We will also review a sample of the year end liabilities and ensure that these are correctly classified between short term and long-term liabilities.</p>	<p>The calculations and schedules for the fees in advance scheme have been reviewed and reconciled with no issues noted.</p> <p>We have performed detailed testing on a sample of pupils in the fees in advance scheme and concluded no material error in the balance disclosed.</p> <p>We did however have to alter our testing approach due to difficulty in tracing historical fee receipts. This was due to the dates of initial large receipts not being recorded historically, and this has been raised as a control recommendation in the section below so as to ensure a full audit trail of all balances.</p>

Risks identified during the audit

Risk	Description	Response	Findings
Completeness of CJRS (furlough) income.	In our review of CJRS claims submitted by management to HMRC during the year, we noted the August 2020 claim had not been accrued into the 2019/20 financial period, but was recognised in 2020/21.	This was discussed with management and it was concluded to adjust this by accruing for the income in the 2019/20 year.	An increase in grant income of £72k has been adjusted in the financial statements. The adjustment is included in the appendix to this report.
Classification and disclosure of parental deposits.	As noted in our audit report last year, parental deposits are not classified in accordance with the financial reporting framework. FRS102 states that all such deposits should be classified as current liabilities in the accounts. The deposits for Denstone College are currently split between current and non-current in the balance sheet.	This was discussed with management and it was concluded that given the reality of deposit repayments being over a longer period, no change would be made to the accounts. Appropriate disclosure has been made in the accounting policies regarding this decision.	No change has been made to the financial statements in respect of this finding, but an unadjusted misstatement has been included in the appendix to this report to the value of £150k which is immaterial to the overall balance sheet and financial position.

Recommendations on controls

We have set out below recommendations on internal controls which came to our attention during the course of our audit work. This does not constitute a comprehensive statement of all internal control matters or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the audit procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

Assessment	Issue and risk	
	Review and authorisation of journal entries There are no formal review or authorisation controls over the posting of journal entries in the nominal ledger. There is a risk that fraudulent or erroneous postings go unnoticed and misstate the financial statements.	Recommendations <ul style="list-style-type: none"> We recommend management ensures sufficient review of this information is undertaken on a regular basis. Management Response <ul style="list-style-type: none"> Concur, a journal process will be implemented by the new Finance Manager in January 2021
	Bank reconciliations A significant (£21k) bank balance was written off at year end due to the difficulty in reconciling the TB to the bank statements. There is a risk that bank transactions could be erroneous or fraudulent if not reconciled balance by balance on a regular basis.	Recommendations <ul style="list-style-type: none"> While we understand cash was carefully reviewed weekly throughout the period and reconciliations have been undertaken post year end, we would recommend these are made a priority and are accessible to all members of the bursary team. Management Response <ul style="list-style-type: none"> Concur, weekly reconciliations being completed will be filed in the shared drive, easily accessible to all team members
	FTE cost analysis Management are not able to provide an analysis of employee costs on an FTE basis. Limited data on employee costs increases the risk of inappropriate spend or errors going unnoticed.	Recommendations <ul style="list-style-type: none"> The finance team should work with the HR team to obtain the relevant data before performing analysis on employee costs including net cost per FTE employee year on year. Management Response <ul style="list-style-type: none"> Concur, this has been requested multiple times and the new Finance Manager is holding a session with HR on 21st December to agree the way forward
	Lack of fees outstanding list As noted above on page 5 it is not possible for management to run a report of outstanding fees as at the year end date in retrospect. There is therefore a risk that the year end fee debtor balance is misstated.	Recommendations <ul style="list-style-type: none"> We recommend management contact WCBS to run this report, and in future to run it as part of the month end procedures in order to keep on top of fee debtors. Management Response <ul style="list-style-type: none"> We will review the offering from the new Finance system to be implemented in the second quarter of 2021 and expect this might solve this problem

Assessment Issue and risk

Petty cash management

We noted one journal being posted in the year to clear the petty cash account due to some transactions not being properly recorded. There is a risk that if petty cash items are not recorded properly any inappropriate use of funds or loss of cash could go undetected.

Recommendations

- We recommend a review of the petty cash controls to ensure that all transactions are recorded properly and minimise the risk of fraudulent use of cash.

Management Response

- Concur, a petty cash reconciliation will be put in place on a regular, monthly basis

Completeness of purchases

Through our purchases testing we noted that the list of purchase orders not matched to invoice has not been regularly reviewed and includes many POs which have been invoiced and not matched. There is a risk therefore that purchases are missed from being included in the ledger if invoiced late. This is magnified by the fact that not all budget holders are appropriately trained to use the PRS purchase order system, meaning purchases may be missed from the ledger if communication lapses between finance and the budget holder, or if the invoice is late or misplaced.

Recommendations

- We are aware that a training programme is currently being rolled out to the finance team, and through them to all budget holders, to ensure proper and consistent use of the PRS system. This will not only help ensure completeness of purchases, but also strengthen the authorisation and approval process for all costs. We recommend that this is implemented as soon as possible. Additionally, thorough use of the list of purchase orders raised but not invoiced should be made, regularly checking this list to clear down any amounts invoiced but not matched, and investigating the lack of invoice for others. Finally, we suggest that management implement a control to check the completeness of service agreements, expense claims and any other cost which is not included on the PRS system.

Management Response

- Training is in progress and a further review of processes will take place in 2021.

Recording of dates for FIA and deposit receipts

Any amounts received for deposits or part of the FIA scheme are not posted to the pupil/parent account when received as they are accounted for separately in deferred income codes. This means that there is no trigger for management to record the date of receipt of large FIA scheme balances, nor the deposit values. The lack of record keeping for these dates means there isn't a clear audit trail for each balance in the accounts, and it is very difficult to trace the receipts back on the bank statements to view evidence. This increases the risk of misstatement through lack of control.

Recommendations

- We recommend that management include columns on the relevant schedules to show the dates of all receipts, and that this input is checked regularly. Alternatively, the FIA scheme and deposit balances could be posted to the debtor accounts when reconciled to bank, although this would involve a wider change of accounting procedure.

Management Response

- Noted and agreed; this will be given consideration during 2021.

Assessment Issue and risk

Purchase invoice cut off

Two purchase invoices were omitted from the ledger in the year as they were posted into 2021 despite being dated pre year end. This arose due to a lag in passing invoices from the school shop to the finance team, and a lack of control in checking the invoice date when posting to the ledger. There is a risk that purchases and creditors are understated as a result.

Recommendations

- We recommend implementing a policy to ensure all invoices are passed to finance within a specific time period from receipt, and that invoice postings are checked against the date prior to posting to ensure they are recognised in the correct period.

Management Response

- Noted and agreed; this will be given consideration during 2021.

Lack of control over stock

We noted one item for which all items had been written off the stock PASS system in 2019 however 3 physical items had been counted in the physical year end stock count. We also noted 2 items which had not been bought or sold in the last three years but have not been provided for. There is therefore a risk that the stock valuation in the accounts is overstated.

Recommendations

- We recommend more regular physical stock counts and full reconciliation to the stock system after each one. We also recommend regular review of stock items against most recent sale date to assess for any further provision which may be required.

Management Response

- Noted and agreed; this will be given consideration during 2021.

Assessment

- Significant control recommendation
- Other control recommendations

Updates on prior year recommendations

- Brexit impact going forward – please see update above
- Improving controls around trip management – procedures in respect of this are continuing to be addressed during 20/21
- Annual reviews of bursaries and scholarships taking place – stringent and regular reviews take place to ensure bursaries and scholarships remain appropriate
- Improving capture of related parties – procedures in respect of this are continuing to be addressed during 20/21
- Staff purchases accounts (credit card) – staff purchases using the credit card no longer take place and the use of this credit card is being formalised during 20/21
- Fixed assets recording/tagging – procedures in respect of this are continuing to be addressed during 20/21, a new accounting software system is due to be rolled out across the Woodard group.
- Shop stock recording – controls and processes in respect of Enterprises have been strengthened in the year under review. We can confirm we were able to complete our testing with fewer difficulties than last year.
- VAT on lettings – discussions in respect of this are continuing to be addressed during 20/21

Other matters to be reported

Significant qualitative aspects of the entity's accounting practices

We have noted c.£13k of debits on the donation income code which relates to pupils. This was queried with management and has arisen where parents who are struggling to pay fees due to the impact of Covid-19 have been provided with income from the school donation pot, to cover summer term 2020 bills. Although highly immaterial in value, we would like to bring this to your attention as an unusual transaction, and to prompt consideration of the processes and controls in place surrounding the use of these funds.

Other than this, we have nothing significant to bring to your attention that has not been dealt with elsewhere in this report.

Management judgements and accounting estimates

The following areas are considered to be the principal accounting estimates. The graphic below visually represents the impact (lower or higher) on the financial statements of a change in management's estimate. In overview, a reasonably possible change in estimate that has a low impact means that such a change will have limited impact on the financial statements. Conversely a reasonably possible change that has a higher impact, means that such a change can have a significant impact.

Estimates	Low impact		High impact
Provision for bad debts	●		
Provision for obsolete inventory	●		
Income recognition	●		
Valuation of investments		●	
Valuation of pension provision		●	

Significant difficulties encountered during the audit

In the prior year we experienced some difficulties during the audit process, in terms of quality of underlying information and provision of audit deliverables on a timely basis.

This year, in the light of numerous staff changes within the finance team post year end, we worked with management to push back the audit work to later in the year, to allow audit deliverables to be prepared well.

Although this has meant re-scheduling work and has given rise to some additional audit costs that we may need to discuss with you once the audit has been finalised, we have noted a significant improvement in the quality and completeness of the information provided. We would like to extend our sincere thanks to Maria, Clare and the wider finance team for working so hard to provide us with the information we require and meet the overall group audit timetable.

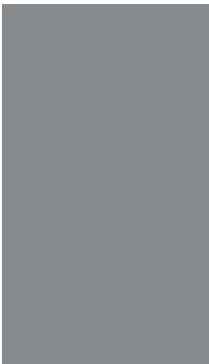
Representations requested

At this stage, we do not anticipate requesting for additional representations to those representations which we request on all audit assignments (<http://www.rsmuk.com/standard-representations>).

Update on matters communicated at the planning stage

Matter communicated	Update
Independence	In accordance with International Standard on Auditing (UK) 260 “Communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP including its related entities and persons in a position to influence the conduct or outcome of the audit and Denstone College Limited and its connected parties that may reasonably be thought to bear on our independence, integrity and objectivity and the related safeguards from those disclosed in the Audit Plan [or provide details of changes.

This report has been prepared for the sole use of Denstone College Limited and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report.



Adjusted and unadjusted accounting misstatements

A summary of the unadjusted misstatements identified during the course of our work is set out below, analysed between misstatements of fact and differences in judgement.

We have not disclosed below those items that we consider to be “clearly trivial” in the context of our audit. For this purpose, we consider “clearly trivial” to be any matter less than £11,700 individually and in aggregate for Denstone College; and £408 individually and in aggregate for Denstone College Enterprises Ltd.

We advised management of all these misstatements on 14th December 2020 at the audit clearance meeting.

Denstone College Limited

Description	Assets £	Liabilities £	Funds excluding net income effect £	Revenue £	Expenditure £	Net Income/Loss £
Planning after accounting adjustments	9,683,963.19	(3,786,424.23)	(6,197,919.29)	(9,395,096.57)	9,695,977.82	300,881.25
Adjusted Misstatements						
Factual Misstatements						
1 - Adjustment to accrue for the August 2020 furlough income claim.				(71,866.00)		(71,866.00)
2 - Adjustment to write off unreconciled bank balance.	(21,171.00)				21,171.00	21,171.00
Final	9,662,792.19	(3,786,424.23)	(6,197,919.29)	(9,466,962.57)	9,717,148.82	250,186.25
Unadjusted Misstatements						
Reclassification						
3 - Reclassification adjustment to disclose all parental deposits as short term (£150,260).	-	-	-	-	-	-
Total Unadjusted Misstatements	-	-	-	-	-	-
Final after Unadjusted misstatements per TB	9,662,792.19	(3,786,424.23)	(6,197,919.29)	(9,466,962.57)	9,717,148.82	250,186.25
Total Funds			(5,947,733.04)			

Denstone College Enterprises Limited

Description	Assets£	Liabilities£	Equity excluding net income effect£	Revenue£	Expenditure£	Net Income/Loss£
Planning after accounting adjustments	281,757.89	(281,757.92)	96.02	(161,410.86)	161,314.87	(95.99)
Unadjusted Misstatements						
Factual Misstatements						
1 - Adjustment to gross up the debtors and creditors balances in Enterprises for overpayments from customers sat of the debtors ledger.	3,473.00	(3,473.00)				
2 - Adjustment to reconcile the VAT ledger to the latest VAT return as at 31/08/20.	(4,059.00)				4,059.00	4,059.00
3 - Adjustment to correct for overstatement of stock per valuation testing for slow moving items which should be provided for in full (£314)	-					
5 - Adjustment to correct for two invoices incorrectly posted into 2021 instead of 2020.		(7,606.00)			7,606.00	7,606.00
Projected Misstatements						
4 - Projected adjustment for stock provision increase.	-					
Total Unadjusted Misstatements	(586.00)	(11,079.00)	-	-	11,665.00	11,665.00
Final after Unadjusted misstatements per TB	281,171.89	(292,836.92)	96.02	(161,410.86)	172,979.87	11,569.01
Estimated Income tax effect				-	-	-
Total Unadjusted after tax		(11,079.00)		-	11,665.00	11,665.00
Final With Unadjusted including tax effect	281,171.89	(292,836.92)	96.02	(161,410.86)	172,979.87	11,569.01
Total Equity			11,665.03			

Communication of audit matters to those charged with governance

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing, materiality and expected general content of communications including significant risks and key audit matters	●	
Confirmation of independence and objectivity	●	●
Significant matters in relation to going concern (if any)		●
Views about significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures (if any)		●
Significant findings from the audit		●
Significant matters and issues arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit (if any)		●
Unadjusted accounting misstatements and material financial statement disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter (if any)		●

ISA (UK) 260, as well as other ISAs (UK), prescribes matters which we are required to communicate with those charged with governance, and which we set out in the table here.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while the Audit Findings presents key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Financial statement disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards and the requirements of the Companies Act 2006, Charities Act 2011, and Charities SORP.

The following disclosure matters were brought to your attention and subsequently adjusted/not adjusted in the revised financial statements.

Unadjusted disclosures

Cashflow Statement - overdrafts are part of cash equivalents so repayments should not feature in financing section. £647k balance at bottom should also be x-ref'd to Note 29 (which included overdraft). Would ideally need to amend comparatives. Impact not considered material.

Adjusted disclosures

Enhancement of Going Concern disclosures, including:

- reference to planned merger/transfer of DCPS, building refurbishment work and additional funding from the bank loan (£2.25m) and Woodard (£550k)
- reference to DC support for the DCPS project and impact of Covid/reduced lettings.

Various presentational/casting issues including group balance sheet correction

Note 28 - cash from operating activities - all numbers in this note re-aligned with the appropriate headings and the heading for Investment Management fees inserted below financing costs.

Adjusted one of the lines by £101 as trivial variance on casting of this note.

Covid-19 related fee discounts disclosed in Note 2

Auditors' remuneration – corrected to be based on audit fees quoted, plus any overruns, for each accounting year

Funds note 23 – update to a) and b) sections

Funds note 24 - formatting updated

Non ancillary trading income labelled as 'Lettings' but also includes school shop expenditure - updated to reflect all costs as lettings are only a small proportion.

Notes number references updated:

Analysis of expenditure note on page 32 = note 8 rather than note 7.

Also directors and tax notes on page 35 = notes 11 and 12 rather than 8 and 9.

All note numbers and references thereafter checked and updated.

Disclosure of furlough income updated - note 7 for donations and grants labelled as 'Other-Grants and Donations' (also in the SOFA), and now shows furlough income of circa £473k on a separate line within this note.

Financial reporting updates

Important updates

The following financial reporting updates have been issued since we presented our audit plan which will be relevant to you.

A full list of financial reporting updates can be found by clicking the link below:



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