

Registered Charity No: 1103955  
Company Number: 05114710

**NOVALIS TRUST**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**NOVALIS TRUST  
LEGAL AND ADMINISTRATIVE INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2021**

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<b>Charity number</b>	1103955
<b>Company registration number</b>	05114710
<b>Registered office</b>	Ebley House 235 Westward Road Ebley Stroud Gloucestershire GL5 4SX
<b>Principal office</b>	Ebley House 235 Westward Road Ebley Stroud Gloucestershire GL5 4SX
<b>Trustees</b>	M Bennett G Cole C Williams I Davies (Resigned 9 December 2020) G Barton J Houlston-Hope (Appointed 3 December 2020) E Buckland (Appointed 1 December 2021)
<b>Secretary</b>	P Furley
<b>Chief executive</b>	J Lukas
<b>Auditors</b>	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
<b>Bankers</b>	Lloyds Bank Plc 12 Rowcroft Stroud Gloucestershire GL5 3BD

**NOVALIS TRUST**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees, who are also directors for the purposes of company law, present their Annual Report and the Financial Statements for the year ended 31 August 2021.

**Post balance sheet events**

Subsequent to the balance sheet date, the charity sold one of its freehold properties for £775,000.

**1 STRUCTURE GOVERNANCE AND MANAGEMENT**

**Governing document and management**

Novalis Trust is a company limited by guarantee and is governed by its memorandum and articles of association. It is a registered charity with the Charity Commission. The company was previously called The Novalis Trust Limited, Cotswold Chine School, and then Cotswold Chine & Paradise House Limited until the change to the current name. The company currently trades as:

- 1) Cotswold Chine School
- 2) Paradise House
- 3) Ebley House
- 4) William Morris College

The following Trustees have held office since 1 September 2020:

G Cole  
C Williams  
M Bennett  
G Barton  
I Davies (resigned 9 December 2020)  
J Houlston-Hope (appointed 3 December 2020)  
E Buckland (appointed 1 December 2021)

**Appointment of Trustees**

The appointment of Trustees is governed by the articles of association, the Trustees being authorised to fill vacancies arising through resignation or death of an existing Trustee.

**Trustees induction and training**

New Trustees undergo an orientation process to brief them on their legal obligations under the charity and company law, the content of the memorandum and articles of association, the charity's operations and the decision making processes, the future plans and the recent financial performance of the charity. The charity has paid for insurance premiums to indemnify the charity from any loss arising from neglect or defaults of Trustees or staff.

**Organisation**

The Trustees meet regularly to oversee the charity's affairs, the day to day operation of which is in the hands of the Chief Executive, J Lukas and his Senior Management Team.

The Chairman of the Board of Trustees has a background in regulation, social care education and independent consultancy. He oversees safeguarding and compliance on behalf of the Board and meets regularly with the Chief Executive to discuss operational, strategic developmental and compliance matters.

The Deputy Chair of Trustees is a qualified accountant and financial advisor and has run his own financial services business successfully for a number of years. He supports the members of the Board with regards to annual accounts and financial matters.

The remaining Trustees have backgrounds in social work, property law and supporting various charities and philanthropic organisations and a local parish councillor. Two of our Trustees have children living at the trust. Together they work closely with Chief Executive and the senior management team to oversee Paradise House, William Morris and Cotswold Chine School.

**Register of Trustees' Interests**

The secretary maintains a Register of Trustees' Interests; no material conflicts have been identified.

The related party transactions are included in note 16 to these financial statements.

## **NOVALIS TRUST**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **Governance Manual**

A Governance Manual is maintained by the secretary and reviewed biennially by the Board. It provides direction and guidance to the Trustees on the organisation and structure of the charity.

#### **Strategic Report**

##### **Principal risks and uncertainties**

The Trustees have a risk management strategy which comprises an on-going review of the risks the charity may face; the establishment of systems and procedures to mitigate the identified risks; and the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Trustees' assessment of specific risks facing the company going forward are lack of confidence in the business, resulting in a lack of placements; authorities may switch to other county and local authority state provision. This would result in funding being inadequate to support the charitable activities of Novalis Trust. The Board maintains a risk register that is reviewed by the Board at least annually.

##### **Going concern**

The Trustees have prepared forecasts for the next 12 months that indicate that the Trust will continue to have sufficient resources available to trade as a going concern. The Trustees, therefore, have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

## **2 OBJECTIVES AND ACTIVITIES**

The strategy of the charity is to provide for the education, care and therapy of children, young people and adults, including those with emotional and behavioural difficulties and special learning needs, by operating residential or day schools. It also includes the provision of residential care for adults with learning difficulties and has a college for young people with learning disabilities which assists them in their transition into adulthood. Our approach – known as the Novalis Model – draws on the latest practice and research by some of the world's leading practitioners and academics. The model involves a trauma-informed and evidence supported approach which promotes positive relationships and secure attachments within a therapeutic low arousal environment.

Positive relationships are fundamental to everything that the charity does. We try to work collaboratively as a team with each other, with the young people and adults in our care, with their families and with other professionals. As well as having the same ethos, values and approach, all three of our organisations share management, finance, administration, maintenance, HR, training and other resources to ensure that consistently high standards are maintained across the charity.

Our values not only represent the qualities we look for in our staff members, but they also provide a set of principles and beliefs that guide what we do as an organisation. The five values are Kindness, Empathy, Creativity, Curiosity and Positivity.

The charity owns and operates Cotswold Chine School, which is an independent special school which is for children and young people with complex learning needs and associated social, emotional and behavioural difficulties. The school is approved by the Department for Education and Skills for up to 42 residential pupils (aged between 7 and 21) and 18 day pupils, giving a total admission number of 60.

The majority of pupils are on residential placements. Some pupils are residents during the academic terms only and other pupils stay for additional periods of up to 52 weeks per year. Consequently, the school is also registered with Ofsted as a children's home.

Our teaching staff take great pride in helping children re-engage with their education and inspiring them to discover the joy of learning and developing new skills. Our developmentally sensitive curriculum ensures that every child makes the best possible progress in their education, whatever their starting point.

The charity also owns and operates Paradise House, which is a residential care home for adults with learning difficulties, situated just outside Painswick, Gloucestershire. It is registered for up to 30 residents with the Care Quality Commission. There is a café and workshops on site for the people to access. Paradise House offers a strong sense of community and all residents are supported to live life to the full and participate in a wide range of creative and leisure activities both onsite and in the wider community.

In addition the charity owns William Morris College in Eastington. It is a specialist further education residential college with students attending either during term time or a full time 52 week placement. The college is approved by the

Department of Education for up to 35 students. The majority of students are on residential placements therefore the college is also registered with the Care Quality Commission.

The college aims to help young people manage the transition between school and adult life. Each student is offered a bespoke educational programme which is designed to reflect their particular needs, abilities and interests.

Ebley House in Stroud is the charity's headquarters and provides central services such as staff training, human resources, finance and a conference centre. The Trust's Support Clinical and Therapy Centre is also located at Ebley House and provides various professionally validated therapy, counselling, family work and group working services to the Trust's service user groups; children, young people, students and residents.

Novalis Trust has an established Practice Model, which is Trauma Informed, Attachment Focused and Relationship Based, delivered through a low arousal sensory sensitive environment. In addition families are supported to work collaboratively to support their children with the focus on promoting and sustaining positive relational health. Relationships are further supported by extensive family work, through outreach family support and regular family meetings at all of the Trusts sites. Children, young people, students and residents participation is consistently used to plan daily activities, therapeutic targets and educational objectives.

The Trust collaborates with a number of key academics and professionals, in order to further the Trust's knowledge in the promotion and understanding of trauma, a trauma responsive and trauma specific approach encompassing attachment related difficulties, and its effects on children, young people and adults. The model offers a shared language, core-values and a range of practical tools, which are applied to support the process of recovery and to provide a way of working that promotes safety and positive relationships. The Trust's established approach, at its core, promotes safety and recovery from adversity through the creation of a 'trauma informed', trauma specific, and a trauma responsive environment and social group.

The Education, Health and Care Planning (EHCP) process is seen as an important holistic way of considering the complex needs of young people, which is congruent with the Novalis Model of approach. This will ensure the education, care, clinical and therapeutic health needs will continue to be met by Cotswold Chine School and provide positive outcomes and experiences for young people.

The Trustees confirm that they have complied with the requirements of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. Also, they confirm that the charitable purposes of the organisation, particularly in the areas of education and care, are for the public benefit.

The charitable activities focus on:

- The education of children, young people and adults through a trauma informed, attachment focused school and college promoting an understanding of trauma and its effects on children, young people and adults, Working collaboratively with connected professionals, families and significant others to enhance the overall number of positive relationships and experiences where people can learn and thrive.
- Providing a training and meeting venue for external organisations with similar values and areas of focus. All of these are undertaken to further the charitable purposes for the public benefit.

### **3 ACHIEVEMENTS AND PERFORMANCE**

The charity continues to provide a therapeutic nurturing environment for vulnerable people through the provision of education, social care and clinical therapy in a way that helps young people overcome any barriers to their learning. In the case of adults the provision provides specialist support to lead as person-centred and fulfilling a life as possible.

Further opportunities have been achieved for young people and residents to access the local community through the provision of independence training and suitable accommodation. A range of suitable activities that offer educational and occupational opportunities are provided.

The Cotswold Chine School Education provision was inspected by OFSTED on 8<sup>th</sup> and 9<sup>th</sup> December 2020 during the Covid 19 pandemic and was informed the school meets all of the independent school standards that were checked during the inspection. The last full inspection was on 26<sup>th</sup> to 28<sup>th</sup> September 2017 and the school received the overall judgement of 'good'. The inspectors stated in the education report that 'Pupils with a history of extremely complex needs and significant trauma make substantial progress from low starting points. Personalised learning programmes for each pupil ensured that their needs are met well'. The Cotswold Chine Care provision was inspected by OFSTED on 3<sup>rd</sup> and 4<sup>th</sup> November 2021 and received the overall judgement of 'good'. The inspector stated in the report 'children received good-quality, individualised care from a stable care team that demonstrates commitment to caring for children'.

**NOVALIS TRUST**  
**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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Paradise House was inspected by the Care Quality Commission on 4<sup>th</sup> March 2019. Paradise was rated as 'good' in all areas of Safe, Effective, responsive and well led, they received outstanding for the area of caring. The inspector observed 'the people using the service received planned and co-ordinated person-centred support that was appropriate and inclusive for them. People were supported to access their local community to follow their interests. People, relatives and staff told us the service was well led'.

William Morris College was inspected by the Care Quality Commission on 26<sup>th</sup> November 2020 during the Covid 19 pandemic and was informed the College meets all the standards that were checked during the inspection. The last full inspection on 13<sup>th</sup> to 15<sup>th</sup> November 2019 and received the overall judgement of 'good'. The inspector noted that 'people received a person centred service. Care and support was tailored to individual needs and preferences. People were supported to be fully involved in their care planning, daily routines and long-term goals'. People were supported to have maximum choice and control of their lives and staff supported them in the least restrictive way possible and in their best interests'.

The charity continues to enhance its Clinical, Therapeutic, Sensory and family services for young people and residents. The therapy support team consists of a Clinical Psychologist, a Child and Adolescent Psychotherapist, family therapist along with qualified social workers, a Behavioural Analyst, Occupational Therapists and Speech and Language Therapists. They work directly with young people and residents giving advice at a weekly, multidisciplinary support, advice and strategy meeting and they offer support services to care and teaching staff. The team is managed by an Occupational Therapist who also appointed by the Chief Executive and Trustees as Deputy Chief Executive.

The neurodevelopment clinic was launched in February 2021 to assess the young people for autism spectrum disorder and neurodevelopmental conditions. The clinic seeks to have the input from both the young person and their families or care givers as part of this process. The young people are also supported to explore further therapeutic support and strategies which may support them following assessment within the Neurodevelopment clinic.

In 2021 we enrolled a number of staff on the RQF4 Certificate in Family Work Course, this is a course we helped to. The qualification introduces learners to the key knowledge, understanding and skills involved in Systemic Family Work: what it looks like and why it is a vital part of caring for children, young people and adults with life histories or loss or separation from family members, attachment disruption or other relational ruptures, and/or developmental trauma. All learners are due to complete this course by the end of 2022.

In order to continue to ensure safeguarding remains an integral element within the charity, there are five trained Designated Safeguarding officers. The School has a designated safeguarding lead for care who is also a Mental Health First Aider for staff, young people and adults. In addition, there is a designated safeguarding officer for education. The Registered Manager of Paradise House remains the designated safeguarding lead for the adult provision at Paradise House. William Morris College has a designated safeguarding lead for education and a designated safeguarding lead for the care provision.

During the year at Cotswold Chine School we have maintained the high levels throughout the education provision despite the challenges the pandemic during the year has brought. We have also managed to complete a project to build a bakery at the School. This gives the students an opportunity to bake bread and other baked goods and these are used and sold at the Halfway Café and Shop.

The Halfway Café and Shop on the Common continues to be popular and continues to help to increase the work experience opportunities for those in our care. It allowed us to offer catering/hospitality work skills and independence qualifications for post 16 students. These qualifications mean that students and residents have better prospects in gaining employment or a college placement and, for young people in particular, gain the skills they will need to make a successful transition into life as a young adult. The Halfway Café has become a popular community asset and is being used regularly by local social groups as well as individuals. However due to the Covid 19 pandemic unfortunately it has had to be closed for some of the financial year but has been open for limited times during the year.

At Paradise House, unfortunately due to Covid 19 restrictions training has been unable to continue for the residents in first aid, healthy lifestyles and life skills, and at the end of each unit the residents are presented with a certificate and all residents involved have gained new skills from these sessions. A Paradise newsletter continues to be produced by residents and staff at Paradise House.

At William Morris College we have continued to increase admissions since the merger and also ensure the College follows the same model of approach throughout the Trust. Work has continued to refurbish accommodation where necessary to match the current model at Novalis Trust.

Throughout the Trust we have continued to adapt and create new H&S processes throughout the year to keep the sites safe during the pandemic whilst also ensuring the same high level of care and staying true to our core values of kindness, empathy, creativity, curiosity and positivity.

**NOVALIS TRUST  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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All meetings and work with families for all of the Trust's sites have been arranged in accordance with government guidance on social distancing to minimise contact and the risk of spreading Covid 19 infection. Where necessary all Trustee governance compliance activities and Board meetings have been held conducted using video facilities and in accordance with the provision of the Trust's articles.

Compliance visits/checks by regulators at Cotswold Chine School have all confirmed Covid 19 pandemic response infection control measures to be of a high standard and meeting all requirements. Similar outcomes were achieved by regulatory compliance checks/visits at William Morris and Paradise House.

#### **4 FINANCIAL REVIEW**

The Trust's overall income was slightly higher than the previous financial year with costs increasing also, occupancy levels have remained similar to the prior year.

#### **5 PLANS FOR FUTURE PERIODS**

The therapeutic curriculum was launched in September 2021 and includes four different pathways (Seedling, Sapling, Sycamore and Blossom). Each young person is allocated to a different pathway and this is informed by the Neurosequential model of Therapeutics. To further support this new initiative, the therapy and education teams at CCS and WMC will be participating in neurologic training to explore additional regulation strategies which can be used to support the young people.

In August 2021 we applied for planning permission for the erection of two classrooms and a toilet block at William Morris College, this was subsequently permitted in October 2021. This will allow us to enhance the current provision at the College.

Throughout the year we had a number of university students placed at the Novalis Trust for work experience, we feel this gives us an opportunity to share knowledge and expertise and build relationships with higher education providers. It also gives others an understanding of the work we do and helps to promote the social care sector and their fresh perspective helps with our continuous development. We plan to enhance this and invite more students from other disciplines.

In the next financial year we plan to focus on a new Training Facilitator Role we have created at the Trust, this is to ensure all staff working in the homes are applying all aspects of the Novalis Model of Approach through being trauma informed.

We plan to continue to provide Systemic Family work throughout the Trust as we continue to see the benefits to the young, people, children and adults of all provisions by positive outcomes in relational health and further support our holistic approach. These meetings encourage and enable the family to talk together or individually often about difficult or distressing issues in ways that respond to their experiences, invite engagement and support recovery.

The Trust will continue to focus on ensuring the quality of care, education, clinical and therapy support is provided at the highest level possible and is recognised by its regulators and local authority commissioners as a centre of excellence. The Trust has shared its practice model with a number of other organisations including the BILD (British Institute of Learning Disabilities) and the National Restraint Reduction Network, and the Schools journey in the promotion of positive relational health is being widely acclaimed especially in the field of trauma and resilience informed services.

Training of staff continues to be one of our priorities, as well as the mandatory training we hope to increase the number of staff across care, therapy and youth support teams who are registered towards completing our Trauma Informed Care qualification. Using the Novalis Model as a basis, we have created a RQF4 qualification, which is part of the national qualifications framework. The course teaches about the effects of trauma and how to structure care in a way that meets the specific needs of people who have experienced trauma.

We also plan to upgrade throughout the Trust our current charging infrastructure for electric vehicles as this remains something we feel is important.

As the Covid 19 pandemic is still very prevalent and will be for the near future we will continue to work hard throughout the Trust to be creative in how we look after those in our care whilst maintaining high levels of care at all sites.

The Trust continually looks at the existing homes where young people, children and adults live to see if any further improvements can be made. Cotswold Chine School, Paradise House and William Morris College remain focused on maintaining or improving their overall OFSTED and CQC grades.



**NOVALIS TRUST  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trust continues to develop its partnership with other organisations, professionals and academics, particularly in the fields of Trauma Informed, Trauma Responsive and Trauma Specific Care.

**Reserve policy**

The designated funds have been set aside for the purchasing of a property to use as holiday accommodation for students, residents and young people. The Trust plans to purchase the property within the next three years.

**Investment Policy**

The Trustees review the available resources and any surplus is deposited in a high interest savings account until it is needed.

**Taxation Status**

The Company is a registered charity and consequently is exempt from Corporation Tax.

**6 AUDITORS**

Hazlewoods LLP have acted as auditors and a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

**7 STATEMENT OF DISCLOSURE TO AUDITOR**

In so far as the Trustees are aware:

- (a) there is no relevant audit information of which the company's auditors are unaware; and
- (b) the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**By order of the Board**

.....  
**G Cole**  
**Trustee**

Date: .....

**NOVALIS TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees (who are the directors of Novalis Trust for the purposes of company law) are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe methods and principles in the Charities SORP (Accounting and Reporting by Charities – Statement of Recommended Practice);
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**NOVALIS TRUST (Company Number: 05114710)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

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**Opinion**

We have audited the financial statements of Novalis Trust for the year ended 31 August 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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 directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

**Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees have been prepared in accordance with applicable legal requirements.

**NOVALIS TRUST (Company Number: 05114710)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)**

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**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors 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 directors 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 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

**NOVALIS TRUST (Company Number: 05114710)**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)**

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**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
- We assesses the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 December 2020 has been undertaken;
  - Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
  - Challenging assumptions and judgements made by management in its significant accounting estimates.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
Martin Howard (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date:.....

**NOVALIS TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Restricted funds £	Unrestricted funds £	Total funds 2021 £	Total funds 2020 £
<b>INCOME AND ENDOWMENTS</b>					
<b>Income and endowments from:</b>					
<b>Donations and legacies</b>					
- Residential care donation		2,788	-	2,788	10,615
- William Morris merger		-	-	-	-
		<u>2,788</u>	<u>-</u>	<u>2,788</u>	<u>10,615</u>
<b>Charitable activities:</b>					
- Special needs school fees		-	10,262,793	10,262,793	10,183,742
- Residential care fees		-	1,877,109	1,877,109	1,974,622
		<u>-</u>	<u>12,139,902</u>	<u>12,139,902</u>	<u>12,158,364</u>
<b>Incoming resources from generated funds:</b>					
- Investment income	2	-	4,330	4,330	3,587
<b>Other incoming resources</b>		-	87,807	87,807	102,463
		<u>-</u>	<u>87,807</u>	<u>87,807</u>	<u>102,463</u>
<b>TOTAL INCOME AND ENDOWMENTS</b>		<u>2,788</u>	<u>12,232,039</u>	<u>12,234,827</u>	<u>12,275,029</u>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>	3	(30,565)	(12,304,237)	(12,334,802)	(11,808,070)
		<u>(30,565)</u>	<u>(12,304,237)</u>	<u>(12,334,802)</u>	<u>(11,808,070)</u>
<b>TOTAL EXPENDITURE</b>		<u>(30,565)</u>	<u>(12,304,237)</u>	<u>(12,334,802)</u>	<u>(11,808,070)</u>

**NOVALIS TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Restricted funds £	Unrestricted funds £	Total funds 2021 £	Total funds 2020 £
<b>NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		(27,777)	(72,198)	(99,975)	466,959
Transfers in the year		(7,838)	7,838	-	-
<b>Net movement in funds</b>		(35,615)	(64,360)	(99,975)	466,959
Total funds brought forward		143,742	19,520,640	19,664,382	19,197,423
Total funds carried forward	<b>13</b>	108,127	19,456,280	19,564,407	19,664,382

All gains and losses recognised in the year are included above and all operations are continuing.

To enable a better understanding of the financial statements, the Statement of Financial Activities separately identifies the income and costs of running the main activities.

**Note of historical cost income and expenditure**

	2021 £	2020 £
<b>Reported net movement in funds</b>	(99,975)	466,959
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	17,024	31,908
<b>Historical cost net movements fund</b>	(82,951)	498,867

**NOVALIS TRUST**  
**BALANCE SHEET (Company Number: 05114710)**  
**AS AT 31 AUGUST 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
<b>FIXED ASSETS</b>			
Tangible assets	6	18,220,330	18,209,718
Investments	7	1	1
		<hr/>	<hr/>
		18,220,331	18,209,719
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	8	962	962
Debtors: Amounts falling due within one year	9	2,358,152	1,450,872
Debtors: Amounts falling due after more than one year	9	255,333	285,132
Cash at bank and in hand		2,033,192	2,727,613
		<hr/>	<hr/>
		4,647,640	4,464,579
<b>CREDITORS</b>			
Due within one year	10	(3,303,563)	(3,009,916)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		1,344,077	1,454,663
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS LIABILITIES</b>		19,564,407	19,664,382
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
<b>Funds</b>			
Restricted funds	13	108,127	143,742
Unrestricted funds:	13		
Operational general fund		11,917,813	11,965,149
Property revaluation reserve		6,988,467	7,005,491
Designated funds		550,000	550,000
		<hr/>	<hr/>
<b>CHARITY FUNDS</b>		19,564,407	19,664,382
		<hr/>	<hr/>

Approved by the Board for issue on .....

.....  
**G Cole - Trustee**



**NOVALIS TRUST**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	<b>Operational general fund £</b>	<b>Property revaluation reserve £</b>	<b>Designated fund £</b>	<b>Restricted fund £</b>	<b>Total funds £</b>
Funds brought forward at 1 September 2020	11,965,149	7,005,491	550,000	143,742	19,664,382
Net outgoing resources before transfers	(72,198)	-	-	(27,777)	(99,975)
Transfer between reserves	7,838	-	-	(7,838)	-
Depreciation on revalued amounts	17,024	(17,024)	-	-	-
Funds carried forward at 31 August 2021	<u>11,917,813</u>	<u>6,973,583</u>	<u>550,000</u>	<u>108,127</u>	<u>19,564,407</u>

  

	<b>Operational general fund £</b>	<b>Property revaluation reserve £</b>	<b>Designated fund £</b>	<b>Restricted fund £</b>	<b>Total funds £</b>
Funds brought forward at 1 September 2019	11,471,453	7,037,399	550,000	138,571	19,197,423
Net incoming resources before transfers	461,788	-	-	5,171	466,959
Transfer between reserves	-	-	-	-	-
Depreciation on revalued amounts	31,908	(31,908)	-	-	-
Funds carried forward at 31 August 2020	<u>11,965,149</u>	<u>7,005,491</u>	<u>550,000</u>	<u>143,742</u>	<u>19,664,382</u>

**NOVALIS TRUST**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	<b>Note</b>	<b>£</b>	<b>2021 £</b>	<b>£</b>	<b>2020 £</b>
<b>Cash used in operating activities</b>	<b>18</b>		(18,666)		1,851,782
<b>Cash flows from investing activities</b>					
Interest income		4,330		3,587	
Purchase of tangible fixed assets		(805,996)		(610,578)	
Proceeds from the sale of tangible fixed assets		126,153		64,598	
<b>Cash provided by (used in) investing activities</b>			(675,513)		(542,393)
Increase in cash and cash equivalents in the year			(694,421)		1,309,389
Cash and cash equivalents at the beginning of the year			2,727,613		1,418,224
<b>Total cash and cash equivalents at the end of the year</b>			<b>2,033,192</b>		<b>2,727,613</b>

## **1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, adopting the following principal accounting policies all of which are in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice – Accounting and Reporting by Charities (SORP FRS102) issued in July 2014 and The Companies Act 2006.

The financial statements are presented in Pounds Sterling.

### **Company status**

The company is limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. The company is subject to the requirements of the Companies Act 2006 with regards to the form and content of the financial statements.

The company is a private company, limited by guarantee without share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Ebley House  
235 Westward Road  
Ebley  
Stroud  
Gloucestershire  
GL5 4SX

### **Judgements**

The Trustees consider that there are no key areas of judgement or estimation uncertainty to be disclosed in these financial statements.

### **Consolidated financial statements**

The financial statements do not include the consolidated financial results of the Charity and its subsidiary company, Novalis Professional Services Limited, on the grounds that the subsidiary company's results are immaterial to the group.

### **Funds**

Funds held by the charity are either:

- Unrestricted general funds, which can be used in accordance with the charitable objects at the discretion of the Trustees; or
- Unrestricted designated funds, which can be used in accordance with the Charitable objects, in respect of specific projects ear-marked by the Trustees; or
- Restricted funds, which can only be used for particular restricted purposes within the objects of the charity. Restrictions are specified by the donor or when funds are raised for particular restricted purposes. All funds received to date have been applied against capital projects.

### **Incoming resources**

All incoming resources are included in the Statement of Financial Activities ("SOFA") when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

### **Resources expended**

All expenditure is accounted for on an accruals basis. Overheads and other costs not directly attributable to particular functional activity categories are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year on a basis consistent with use of the resources.

Governance costs include strategic planning costs for the Charity's future development, external audit and all costs of complying with constitutional and statutory requirements, such as costs of Board and Committee meetings and for preparing statutory financial statements and satisfying public accountability.

### **Taxation**

The Company is an Exempt Charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 519 of the Income Tax Act 2007 (formerly Section 506(1) of the Taxes Act 1988). Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 524 of the Income Tax Act 2007 (formerly Section 505 of the Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Tax 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

### **Tangible fixed assets**

There is no set limit for the capitalisation of expenditure on acquisition, enhancement, production and installation of fixed assets. Tangible fixed assets are stated in the balance sheet at cost less depreciation, except for freehold land and buildings which are stated at their open market value.

Depreciation is calculated to write off the cost or valuation less estimated residual value of tangible assets over their estimated useful lives at the following rates:

Freehold land	Nil
Freehold buildings	1% of cost per annum
Fixtures and equipment	10% - 50% of cost per annum
Motor vehicles	12.5% - 50% of cost per annum

### **Investments**

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

### **Stocks**

Stock is valued at the lower of cost and net realisable value.

### **Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged to the Statement of Financial Activities.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### **Trade receivables**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All debtors are repayable within one year and are hence included at the undiscounted amount of the cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**Trade payables**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

**Financial instruments**

The trust 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.

**Pension costs**

Contributions are made on behalf of teaching staff to the Government pension scheme for teachers, which is a multi-employer defined benefit scheme (note 17).

With regard to non-teaching employees, contributions are made to the defined contribution pension scheme. All contributions are charged to the SOFA as they become payable in accordance with the rules of the schemes.

**2 INVESTMENT INCOME**

	<b>Restricted funds</b>	<b>Unrestricted funds</b>	<b>Total funds 2021</b>	<b>Total funds 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank interest receivable	-	4,330	4,330	3,587

**3 ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Staff Costs</b>	<b>Other costs</b>	<b>Total 2021</b>	<b>Total 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Charitable activities:</b>				
- Special needs education	6,451,593	1,991,149	8,442,742	7,885,331
- Residential care	1,333,383	427,745	1,761,128	1,563,164
- Support costs	1,131,112	999,820	2,130,932	2,359,575
	<u>8,916,088</u>	<u>3,418,714</u>	<u>12,334,802</u>	<u>11,808,070</u>

**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**4 ANALYSIS OF SUPPORT COSTS**

	Special needs education £	Residential care £	Total 2021 £	Total 2020 £
Staff costs	1,131,112	-	1,131,112	1,239,239
Professional fees	96,283	90,672	186,955	438,697
Communication and information technology	50,253	52,340	102,593	112,179
Office supplies and postage	156,920	141,207	298,127	335,731
Other costs	397,215	14,830	412,045	233,729
	<u>1,831,783</u>	<u>582,462</u>	<u>2,130,832</u>	<u>2,359,575</u>

**5 EMPLOYMENT COSTS**

	2021 £	2020 £
Wages and salaries	7,591,983	6,978,503
Social security costs	689,115	633,886
Other pension costs	497,258	454,661
Other costs	137,732	105,895
	<u>8,916,088</u>	<u>8,172,945</u>

The average monthly numbers of employees during the year is disclosed below. There is no material difference between this and the equivalent average number of employees calculated on the basis of full time equivalents:

	2021 No.	2020 No.
Special needs education	178	167
Residential care	40	38
Administration and maintenance	72	73
	<u>290</u>	<u>278</u>

No Trustee received or waived any emoluments during either year, but expenses totalling £nil (2020 - £1,033) were reimbursed to Trustees.

The number of higher paid employees who received emoluments in excess of £60,000 were in the following bands:

	2021 No.	2020 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
	<u>2</u>	<u>2</u>

**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**6 TANGIBLE FIXED ASSETS**

	<b>Land and buildings £</b>	<b>Motor vehicles £</b>	<b>Fixtures and equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 September 2020	18,118,858	1,049,836	4,414,193	23,582,887
Additions	-	280,789	525,207	805,996
Disposals	-	(262,971)	-	(262,971)
At 31 August 2021	18,118,858	1,067,654	4,939,402	24,125,914
<b>Depreciation</b>				
At 1 September 2020	1,292,846	700,624	3,379,699	5,373,169
Charge for year	139,147	127,803	430,376	697,326
Disposals	-	(164,911)	-	(164,911)
At 31 August 2021	1,431,993	663,516	3,810,075	5,905,584
<b>Net book value</b>				
At 31 August 2021	16,686,865	404,138	1,129,327	18,220,330
At 31 August 2020	16,826,012	349,212	1,034,494	18,209,718

Freehold property includes £4,928,237 (2020 - £4,928,237) in respect of land which has not been depreciated.

The freehold properties of the Trust were valued by Bennett Jones & Jones Lang Lassalle IP Inc, both Chartered Surveyors, as at 31 August 2016. The open market valuation, for existing use, was £15,195,000.

Depreciation in the year on a historic cost basis would have been £107,239 (2020 - £107,239).

On a historical cost basis the cost of the residential property would have been £10,723,911 (2020 - £10,723,911) and aggregate depreciation thereon would have been £2,873,488 (2020 - £2,766,249).

**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**7 INVESTMENTS**

<b>Cost</b>	<b>Interest in Shares £</b>
At 1 September 2020 and at 31 August 2021	1

Investments represent a £1 investment in Novalis Professional Services Limited.

**Subsidiary holdings**

The company holds 100% of the ordinary share capital in Novalis Professional Services Limited, a company incorporated in England. The company's loss for the year is £35,343 (2020 - £33,673) and the capital and reserves are (£186,480) (2020 - (£151,137)).

**8 STOCKS**

	<b>2021 £</b>	<b>2020 £</b>
Goods for resale	962	962

**9 DEBTORS**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Trade debtors		2,114,173	1,359,265
Other debtors		26,261	27,330
Prepayments		217,718	64,277
Amounts owed by group undertakings	16	255,333	285,132
		<u>2,613,485</u>	<u>1,736,004</u>
Less non-current portion		<u>(255,333)</u>	<u>(285,132)</u>
		<u>2,358,152</u>	<u>1,450,872</u>



**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**10 CREDITORS - due within one year**

	<b>2021</b> £	<b>2020</b> £
Trade creditors	381,668	257,815
Taxes and social security costs	38,503	201,742
Accruals and deferred income	2,685,490	2,369,064
Other creditors	197,902	181,295
	<hr/>	<hr/>
	3,303,563	3,009,916
	<hr/>	<hr/>

Included in accruals and deferred income is £2,509,867 (2020 - £2,210,456) in relation to deferred income on school fees invoiced in advance.

**11 FINANCIAL COMMITMENTS**

**Operating Leases**

The total of future minimum lease payments is as follows:

	<b>2021</b> £	<b>2020</b> £
Not later than one year	7,745	5,367
Later than one year but not later than five years	3,664	83
	<hr/>	<hr/>
	11,409	5,450
	<hr/>	<hr/>

**12 SHARE CAPITAL**

The charity does not have a share capital as it is limited by guarantee. Each of the members is a guarantor to the extent of £1 in the event of the company being wound up whilst they are members, or within one year of them ceasing to be members in respect of debts and liabilities contracted before they ceased to be a member.

**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**13 FUNDS**

	At 1 September 2020 £	Incoming resources £	Outgoing resources £	Transfer in the year £	At 31 August 2021 £
General fund	11,965,149	12,232,039	(12,304,237)	39,746	11,932,697
Restricted fund	143,742	2,788	(30,565)	(7,838)	108,127
Revaluation reserve	7,005,491	-	-	(31,908)	6,973,583
Designated fund	550,000	-	-	-	550,000
	<u>19,664,382</u>	<u>12,234,827</u>	<u>(12,334,802)</u>	<u>-</u>	<u>19,564,407</u>

The designated fund has been set aside for the proposed building of a new sports hall.

A transfer has been made between the funds to correct amounts in relation to Erasmus link and Other, which have now been fully spent.

**14 RESTRICTED FUNDS**

	At 1 September 2020 £	Incoming resources £	Outgoing resources £	Transfer in the year £	At 31 August 2021 £
Muunde donations	9,956	2,788	(4,823)	-	7,921
Erasmus link	7,788	-	-	(7,788)	-
Paradise House	125,948	-	(25,742)	-	100,206
Other	50	-	-	(50)	-
	<u>143,742</u>	<u>2,788</u>	<u>(30,565)</u>	<u>(7,838)</u>	<u>108,127</u>

**15 INDEMNITY INSURANCE**

The charity has paid insurance premiums to indemnify the charity from any loss arising from neglect or defaults of Trustees or staff.

**16 RELATED PARTY TRANSACTIONS**

During the year, Novalis Trust provided management services to its subsidiary, Novalis Professional Services Limited on an arms-length basis for £31,047 (2020 - £28,032). At the balance sheet date, the charity was owed £255,333 (2020 - £285,132) by Novalis Professional Services Limited. Interest is charged at 2% per annum on this balance, and there are no fixed repayment terms.

## **17 PENSION COMMITMENTS**

### **Defined contribution:**

The company operates defined contribution schemes for its non-teaching employees. The assets are held separately from those of the company in independently administered funds, and the amount charged to the SOFA for the year was £306,648 (2020 - £234,618).

### **Defined benefit:**

The Teachers' Pension Scheme ('TPS') is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997 as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of TPS. TPS is run in such a way that the Charity is unable to identify its share of the underlying assets and liabilities. Therefore, the charge in the SOFA of £190,610 (2020 - £165,363) is the amount payable in the year as the Charity accounts for the TPS as if it were a defined contribution scheme.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pension Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account will be credited with a real rate of return (in excess of price increases and currently set at 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, the Government Actuary ('GA'), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Contributions are assessed in two parts. First, a standard contribution is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service period of these teachers and lecturers would broadly defray the costs of benefits in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The last valuation of the TPS related to the period from 1 April 2012 to 31 March 2016. The GA's report of March 2019 revealed that the total aggregate scheme liabilities of the TPS amounted to £218,100 million. The value of the aggregate scheme assets was £196,100 million. The assumed real rate of return is 2.4% in excess of prices and 0.25% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed gross rate of return is 4.45%.

Employer contributions are currently paid at a rate of 23.68%. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

**NOVALIS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**18 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net income before other recognised gains and losses	(99,975)	466,959
Net interest	(4,330)	(3,587)
Depreciation	697,326	714,418
Profit on disposal of tangible fixed assets	(27,852)	(30,309)
Decrease in stock	-	1,640
Decrease/(increase) in debtors	(877,482)	882,550
Increase/(decrease) in creditors	293,646	(179,889)
	<hr/>	<hr/>
	(18,666)	1,851,782
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**19 Post balance sheet events**

Subsequent to 31 August 2021, the charity sold one of its freehold properties for a sum of £775,000.