



QUEEN ELIZABETH'S HOSPITAL

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2022

**Registered Charity No. 1104871
Company No. 5164477**

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

Financial Statements
for the year ended 31 August 2022

Contents	Pages
Governors' report	1 to 20
Statement of Governors' responsibilities	21
Independent auditors' report	22 to 26
Statement of financial activities	27
Balance sheet	28
Cash flow statement	29
Notes to the financial statements	30 to 54

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

GOVERNORS, DIRECTORS AND CHARITY TRUSTEES

The Governors of Queen Elizabeth's Hospital are the School's charity trustees under charity law and the directors of the charitable company. The members of the Governing Body who served in office as Governors during the year and subsequently are detailed below:

Governor	Committee Membership at 31 August 2022
Mr P A Keen (Chair of Governors)	A* D* E*
Mrs C Bateson	C
Mrs S E Blanks	C G*
Mr J Buchanan	B F
Mr A J Cherry	B* C F
Mr E J Corrigan	A B D
Mrs S Cosgrove (resigned 17 November 2021)	-
Mr T J Davis	A F*
Mr J Hirst (resigned 21 October 2022)	A G
Mr J A Hollingdale	A G
Mr M C Jones	B E
Mr J E Milne	A C* D G
Mr K Riley	C D
Mrs J Sadler (appointed 18 October 2022)	-
Ms A Woodward (appointed 1 December 2022)	-
Ms T M Yianni	A

The following committees have been in operation during the year:

- | | |
|---|--|
| A | Finance and Estates Committee |
| B | Governance, Risk and Audit Committee |
| C | Education Committee |
| D | Nominations and Remuneration Committee |
| E | Health and Safety Committee ‡ |
| F | Investment Committee ‡ |
| G | Development and Alumni Relations Committee ‡ |
| | |
| * | Denotes Chair of Committee |
| ‡ | Denotes Sub-Committee of Finance and Estates Committee |

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

Key Management Personnel and Professional Advisors

Head:	Mr R D Heathcote BSc
Deputy Head (Academic):	Mr J E Martin MA
Deputy Head (Pastoral):	Mr N J Pursall BA
Head of Junior School:	Mr D M Kendall BA
Bursar and Clerk to the Governors:	Mr M K Suddaby MA FCA
Registered Office:	Queen Elizabeth's Hospital Berkeley Place Clifton Bristol BS8 1JX
Company Number:	5164477
Registered Charity Number:	1104871
Bankers:	Lloyds Bank Plc George White Street Bristol BS1 3BA
Investment Managers:	Quilter Cheviot Ltd 85 Queen Victoria Street London EC4V 4AB
Auditors:	Bishop Fleming LLP 10 Temple Back Bristol BS1 6FL
Website:	www.qehbristol.co.uk

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

The Board of Governors presents its annual report and audited accounts for the year ended 31 August 2022 and confirms that it complies with the requirements of the Companies Act 2006 and the Charities Act 2011, the Company's Articles of Association and the Charities SORP (FRS 102) 2019. The annual report serves the purpose of both a Governors' Report and a Directors' Report under company law.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Company

Queen Elizabeth's Hospital ("the Company") is a company limited by guarantee (number 5164477) with the liability of its members limited to £1 each by guarantee. It is registered as a charity under registration number 1104871.

The School

The School known as Queen Elizabeth's Hospital ("the School" or "QEH") was founded by Royal Charter in 1590. All the assets, liabilities and contracts of the School were transferred to the Company pursuant to a Charity Commission Scheme dated 31 August 2004 ("the Scheme"), and the Company has carried on the business of the School since that date.

Linked Charities

Under the Scheme, the permanent endowment assets of the School are held by the Company as the trustee of a separate charity called Queen Elizabeth's Hospital Trust ("QEH Trust"). Under a further Charity Commission Scheme dated 25 August 2005, the Company is also the trustee of another separate charity called Queen Elizabeth's Hospital Scholarship, Bursary and Prize Fund ("QEH SBP"), which has the object to further the education of pupils attending Queen Elizabeth's Hospital by the provision of scholarships, bursaries and prizes.

On 25 August 2005, The Charity Commission made a Uniting Direction under section 96(5) of the Charities Act 1993, directing that QEH Trust and QEH SBP ("the linked charities") should be treated as forming part of the charity called Queen Elizabeth's Hospital for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 1993. The main effect of the Uniting Direction is that the linked charities are aggregated into the Statement of Financial Activities and the Balance Sheet of the Company. They remain, however, legally distinct charities, the funds of which are to be applied solely in accordance with their respective trusts. An analysis of the net assets of the linked charities is shown in Note 15.

Details of the Governing Body, together with the School's officers and principal advisors, are given on pages 1 and 2.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Company is governed by its Articles of Association and, in its capacity as Trustee of the School's permanent endowment assets, by the Charity Commission Schemes dated 31 August 2004 and 25 August 2005. The Articles were amended by Special Resolutions on 25 May 2012, 23 February 2016 and 2 July 2018 to reflect changes in the Charities Act and Companies Act since incorporation and to allow for the admission of girls from September 2017 and to widen the geographic area in which the charity can meet its objects.

Governing Body

The Governing Body is self-appointing. The Governors have control of the Charity and its property and funds including, as Corporate Trustees, the endowment assets of the Charity. The Governing Body consists of at least 6 but not more than 20 members. One third of the Governors must retire at each AGM but are normally eligible for re-election for consecutive periods not normally exceeding 9 years. Nominations for new Governors are considered by the Nominations and Remuneration Committee.

Recruitment and Training of Governors

New Governors are inducted into the workings of the School, and also of the Company and registered charity, by the Bursar and Head during a familiarisation visit. They are issued with a pack of information including the following:

- The School's Governance Manual, which includes details of Governors' roles and responsibilities, the School's Code of Conduct for Governors, the School's Conflict of Interest policy, the School's Principles of Delegation policy, and Committee terms of reference;
- AGBIS Publication – Guidelines for Governors;
- Articles of Association of the Company;
- A copy of the most recent financial statements;
- A copy of the School prospectus;
- Minutes of Governors' meetings for the previous 12 months;
- Charity Commission Booklet CC3 – The Essential Trustee;
- Key School policies;
- The School's Safeguarding Policy and a copy of Part 1 and Annex A of 'Keeping Children Safe in Education'.

Governors are also encouraged to attend regular training seminars organised by the Association of Governing Bodies in Independent Schools (AGBIS) and other professional organisations. From time to time the Governing Body will arrange in house training sessions.

Organisational Management

The Governors normally meet as a Board three times a year to determine the general policy of the Company and review its overall management and control, for which they are legally responsible.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

Some of the work of implementing the Board's policies is delegated to Committees, which operate under terms of reference and in accordance with the Governors' 'Principles of Delegation' policy, which are approved and regularly reviewed by the Board of Governors. Each Committee normally meets on at least a termly basis and all acts and proceedings of Committees are reported to the Governing Body fully and promptly through Committee minutes.

The Finance and Estates Committee takes delegated responsibility on behalf of the Governing Body for overseeing all financial aspects of the School, working alongside the Bursar so as to ensure the School's short and long-term viability. It also takes delegated responsibility on behalf of the Governing Body for maintaining and developing the School's buildings, plant and vehicles, grounds, gardens, roadways and security; and ensuring compliance with health and safety requirements.

The Education Committee takes delegated responsibility on behalf of the Governing Body to monitor and review the agreed academic, curricular, co-curricular and pastoral provision of the School and make recommendations as appropriate to the Governors.

The Governance, Risk and Audit Committee takes delegated responsibility on behalf of the Governing Body for implementing and advising on the external audit; for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the School is complying with all aspects of the relevant law, regulations and good practice. It also takes delegated responsibility on behalf of the Governing Body for integrating and co-ordinating all aspects of corporate governance, legal and regulatory compliance and risk management to improve the quality of the School's governance arrangements for the purpose of enhancing overall performance.

The Nominations and Remuneration Committee takes delegated responsibility on behalf of the Governing Body for conducting a regular skills audit of the Governing Body, identifying current or potential future gaps, seeking suitable applicants to fill those gaps, and coordinating the appointment process. It also takes responsibility for overseeing the School's remuneration policy for the Head and senior leadership team.

The Health and Safety Committee, which is a sub-Committee of the Finance and Estates Committee, takes delegated responsibility on behalf of the Governing Body for overseeing the School's arrangements for ensuring the health, safety and welfare of its employees, pupils, contractors, members of the public and any others who may be affected by the activities of the school, and for ensuring compliance with the Health and Safety at Work Act 1974 and other relevant health and safety legislation, and with the relevant provisions of the Education (Independent Schools Standards) Regulations 2014.

The Investment Committee, which is a sub-Committee of the Finance and Estates Committee, takes delegated responsibility on behalf of the Governing Body for overseeing the School's investment portfolio and investment properties, including permanent endowment. The Committee advises the

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

Governing Body on the performance of the School's investments portfolio and the overall rate of return, and on discharging its duties in line with the School's investment policy.

The Development and Alumni Relations Committee, which is a sub-Committee of the Finance and Estates Committee, takes delegated responsibility on behalf of the Governing Body for overseeing the School's development, alumni relations and fundraising activities.

The day to day running of the School is delegated to the Head and Bursar (who is also Clerk to the Governors and Company Secretary), who in turn allocate responsibilities to the Senior Leadership Team. The Head and Bursar attend all the meetings of the Governing Body.

The remuneration of key management personnel is set by the Board, 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 periodically, including, where information is publicly available, by reference to comparisons with other similar organisations to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

Delivery of the School's charitable vision and purpose is primarily dependent on its key management personnel and staff costs are the largest single element of the School's charitable expenditure.

The Head of Queen Elizabeth's Hospital is a member of the Headmasters' and Headmistresses' Conference (HMC); the Head of the Junior School is a member of the Independent Association of Preparatory Schools (IAPS); and the School is a member of the Independent Schools Council (ISC) and the Independent Schools Bursars Association (ISBA), all of which provide the School with regular information and advice about relevant changes in regulations and advice to ensure compliance and best practice.

Employment Policy

The School is an equal opportunity employer and is committed to a working environment that is free from any form of discrimination on the basis of age, sex, marriage and civil partnership, gender reassignment, race, disability, sexual orientation, religion or belief, pregnancy and maternity and part-time or fixed-term employment. The School will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled.

Investment Policy and performance

Investment activities are managed in line with the requirements of the Trustee Act 2000. The Governors have appointed Quilter Cheviot Ltd as investment managers to manage the portfolio of the Company, QEH Trust and QEH SBP on a discretionary basis with a mandate to ensure that the investment policy objectives set by the Governors are met.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

The purpose of the Governors' investment policy is to provide income for current charitable activity and provision of bursaries to provide assistance with school fees to pupils at the school whose parents otherwise would not be able to afford the fees; and for the capital to remain invested to provide growing future income for future beneficiaries.

The investment objectives are to invest the endowment funds to produce the best financial return within an acceptable level of risk; to balance the income and capital returns; and to at least maintain the real capital value of the endowment whilst generating a sustainable level of investment income which rises at above inflation.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

The objects of the charity are the advancement of education of boys and girls by the provision and maintenance of a school or schools in or near the City of Bristol and elsewhere in the world and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

AIMS AND VALUES

The School's overarching aim is:

"to educate and inspire our pupils to take on the challenges of the modern world and to live by their school motto 'whilst we have time - let us do good.'"

In order to realise our aim, the School is committed to inspiring our pupils to achieve more than they imagined possible – both in and out of the classroom. We prioritise individually focussed pastoral care which provides the foundation for an outstanding academic education. We are deeply committed to ensuring a QEH education is accessible to more young people in Bristol. We aspire to be a diverse and inclusive community which seeks to think beyond the conventional and create an inspirational environment where pupils and staff are happy, valued and challenged.

Three core characteristics are at the heart of the QEH community and guide all aspects of school life. We want to provide pupils with the skills and confidence to meet the challenges of the modern world and nurture them to be:

Curious: Develop a love of learning that is creative, thoughtful and ambitious; willing to take risks, show resilience and be adaptable.

Kind: Show empathy, understanding and vulnerability; value the contributions of others and are open, honest and trustworthy.

Positive: Keen to fulfil their potential as optimistic well-rounded individuals; committed to making a difference in their community and the wider world.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

OBJECTIVES

The School's objectives are set to reflect the educational aims and the ethos of QEH.

The key objectives for the year included:

- To recruit sufficient pupils able to benefit from the education offered by the School.
- To maintain the School's high level of academic performance.
- To continue to provide assisted places for families with limited financial means.
- To continue to develop the facilities at the School.
- To continue to operate the School effectively and safely and to safeguard and promote the welfare of pupils at the School.
- To ensure that the financial position of the School remains sound.

These objectives were satisfactorily achieved.

STRATEGY AND POLICIES

The Governors are responsible for agreeing a strategy to achieve the objectives they have set. The focus of the strategy is the development of the School's pupils to ensure continued high level of academic achievement and to further widen access to the education that the School provides. In taking forward the School's strategy the Governors:

- monitor the effectiveness of the School's curriculum and teaching;
- review the School's academic standards at all levels;
- ensure that the range of co-curricular activities available is stimulating and challenging;
- monitor the effectiveness of pastoral and safeguarding arrangements and actively promote the wellbeing of pupils;
- invest in new facilities and the infrastructure of the School;
- continue to review the provision of bursaries and scholarships to ensure wider access to pupils from all backgrounds.

The Governors set the fees at a level which aims to ensure the financial viability of the School and is consistent with their objective of providing a first-class education.

The School is academically selective and welcomes pupils from a wide range of ethnic and social backgrounds. The School aims to admit children of sufficient ability to sustain and enhance the academic standards of the School and of sufficient number to sustain and enhance the financial viability of the School. Admission to the School depends upon the availability of places and the ability of the candidate to gain optimum benefit from educational opportunities provided at the School. Detailed arrangements are set out in the School's Admissions Policy.

QEH is committed to safeguarding and promoting the welfare of its pupils and expects all staff and volunteers to share this commitment. In the last Independent Schools' Inspectorate report, the

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

contribution of the School's arrangements for pastoral care was assessed as excellent. Parents are given clear information about their child's progress at parents' evenings in addition to regular written reports. Contact is maintained with parents throughout the year informally and through newsletters and the website. In addition, parental surveys are carried out periodically. The School operates a very successful peer support system to promote the welfare of pupils in years 7, 8 and 9.

PUBLIC BENEFIT

The Governors have given due regard to the Charity Commission guidance on public benefit under the Charities Act 2011.

The School is involved in a range of activities which are of benefit to its pupils, the wider local community and indeed the international community. The main activities can be summarised under the following headings.

Grants for fee assistance

QEH awards a number of grants for assistance with fees each year; the amount available for such assistance is determined annually by the Governing Body and is dependent upon the availability of funds, including endowment income. These grants ensure that children from families who would otherwise not be able to afford the fees can access the education offered by the School. The School uses a means-tested scale to determine the level of any grants. In making decisions about the allocation of grants a number of factors are taken into consideration including the child's performance in the entrance examination, the family's income and assets and any other relevant personal circumstances.

Grants for assistance with fees range from full grants (i.e. free places) for families whose parental income is very low, to small grants for those whose incomes are higher. Assistance may also be given to those in receipt of grants for extra-curricular activities and school trips. Information about fee assistance is provided to all applying for a place in the School.

During the year a total of 66 pupils (2021: 80 pupils) were awarded means-tested assistance with fees. The cost of this assistance amounted to £566,650 (2021: £584,867), of which £166,916 (2021: £175,271) was funded from restricted funds and donations. 38 pupils received assistance of 50% or more (2021: 40) and 25 pupils received assistance of 75% or more (2021: 23). This assistance is reassessed every year on a means-tested basis.

Benefit to the local community and use of School facilities

The School remains very active in supporting teacher training and once again trained four PGCE students in partnership with Bristol University. The School also offers an annual conducting workshop for Bristol University PGCE students, putting the expertise of a music teacher, and the school orchestra, at their disposal. Two teachers helped Bristol University to interview their potential PGCE trainee teachers, one has also been involved in giving seminars to the trainees and

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

this year QEH hosted the RE PGCE cohort for a morning of lesson observations for their first school experience.

Students participating in the Duke of Edinburgh's award scheme continue to perform significant amounts of community voluntary service and further details are set out in the Outdoor Activities section below.

Service to the community is a key part of the weekly Enrichment programme in the Senior School. This involves groups of pupils going every Thursday afternoon to help serve and talk to elderly members of the community in local care homes (such as Amerind Grove, Little Sister of the Poor and the Trinity Lunch Club).

Staff members have offered Oxbridge interview preparation to schools such as St Mary Redcliffe. The School also loans out equipment, such as sports equipment, to help local community events, and makes pitches available to local junior football and rugby club teams.

Several staff use their coaching skills and qualifications to the benefit of local football and rugby clubs, and also to run clubs in local primary schools.

QEH also provides use of the school gymnasium on a weekly basis to the Salle Hunt-Roeder Fencing Club and the Bristol Morris Men, both of whom offer membership to young people in the local area. The School has again been a host for the West Bristol Arts Trail enabling local artists to display their work to members of the public.

Charitable Fundraising

The School's usual schedule of fundraising was able to take place after the disruption of the pandemic and the school community raised a total of £16,437.16 for a variety of local, national and international charities.

These included Bone Cancer Research Trust, for which over £3,400 was raised through a combination of the year 9 'Charity Challenge', a non-uniform day, cake sales and collections at school events. This charity was particularly important to the school community after a Year 8 pupil tragically died from bone cancer in May 2022.

In addition, over £3,500 was raised through a non-uniform day, cake sales and collections at school events for Unicef and RE:ACT - charities supporting those affected by the war in Ukraine.

The School also aims to raise money for local charities chosen by the students. This year the charities selected were One25 (sixth form), The Brandon Trust (Year 11) and The Children's Hospice South West (Year 7). Each of these charities was supported by money raised through non-uniform days.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

The harvest festival also saw an enormous collection effort, in which tins and non-perishables were collected for the food bank run by The Sisters of Mercy in St Pauls. A total of 18 large storage containers were filled and then delivered by prefects and members of staff.

Links with local state schools

The School seeks mutually beneficial partnerships with other schools and has in a variety of ways enhanced the provision in local state schools. The School is a very active member of the Bristol Education Partnership, which is a group of 14 schools (in the independent and maintained sectors), the two Bristol Universities and Bristol City Council. Its aim is to "broaden young people's experience of education, opening up new opportunities and overcoming disadvantage". Through this the School has hosted or collaborated in a wide range of activities, such as a climate conference, student and staff leadership training events, a Teacherfest, careers events, an oracy project, an academic enrichment event and a joint musical concert. Members of BEP state schools are now routinely invited to many of the events that the School puts on, and QEH has given other assistance to BEP events, such as providing the school photographer for an Eco event at Bristol City Hall.

One of the School's maths teachers has been working with the students at Barton Hill primary school for two hours each week along with two sixth form volunteers. They have been supporting their maths and reading, in small groups and individually. Another teacher has been taking a group of 12 sixth formers to Oasis Academy New Oak primary school every Thursday, where they read with individuals and run a fortnightly enrichment session. The impact of this has been to stretch the most able and give confidence to the less able. The School has also provided a coach and brought students from both of these schools to watch drama performances at QEH. In addition one of the Junior School teachers has been going to Oasis Academy New Oak primary school once a fortnight to work on team-building activities in preparation for joint outdoor activities with QEH's Year 5 and 6 pupils. This summer he took all of the Year 6 pupils from both schools to do joint navigational exercises in the Mendips.

A member of the School's senior leadership team has been trained as an SLE (Specialist Leader in Education) and is sharing his expertise to help raise standards in local state schools. A number of the School's staff serve as Governors at local maintained and independent schools.

Teachers from the Business Studies department provided A Level business lessons to academy players at a local football club and the students sat the external AS Level paper and achieved strong grades.

QEH hosted 20 Afghan refugees for a one week Easter English language course held at the School's sports ground at Failand. Pupils from the School supported the refugee children as they were led in small group sessions with qualified EAL teachers, and enjoyed the sports facilities.

Each year the School hosts a number of competitions, such as maths challenges, geography quizzes and debating competitions, to which many Bristol schools are invited and a number of state schools attend. The termly Philosophy Society has expanded and includes students from a number of local

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

state and independent schools. Pupils from a local state school also attended the School's Psychology Futures Event.

There are also a number of sporting events throughout the year, and a variety of state schools take up the invitation to enter teams. We host three rugby tournaments at different age groups and organise five other tournaments. Our annual cross-country primary schools event at our sports fields in Failand draws teams from up to six local primary schools.

Economic Impact

The School also brings significant economic benefits to the UK and local economy. On the basis of a model developed by Oxford Economics in conjunction with the Independent Schools Council, the School estimates that during the year ended 31 August 2022 it contributed over £16.1 million to UK GDP and over £9.9 million to the local economy in Bristol. In addition, it supported over 320 UK jobs, including over 200 locally, and supported over £5.0 million of tax payments to the exchequer. It also saved over £4.6 million to the UK taxpayer as a result of attendance at the School by pupils who would otherwise have been eligible to take up a free state school place.

PROMOTING HIGH ACADEMIC STANDARDS

Scholarship Policy

The School offers a number of academic, music and sports scholarships each year to recognise high potential or ability. Scholarships are awarded on the basis of a pupil's academic potential or evidence of exceptional academic, musical or sporting abilities which will contribute to the life of the School.

Scholarships normally carry a fee discount, usually between 10% and 25%. Scholarships can be awarded in addition to a means-tested bursary for assistance with fees. The Governors have decided that scholarships awarded from September 2023 will no longer carry an automatic fee discount, but will instead run alongside the School's means-tested bursary programme.

During the year the School awarded scholarships to 120 pupils (2021: 120 pupils), to the value of £369,501 (2021: £366,294). The progress of pupils receiving scholarships is reviewed at least annually to ensure that each pupil is fulfilling the requirements of the scholarship with regard to effort and progress.

Family Discounts Policy

To underline the value the School places on continuity for families, sibling discounts are offered where parents have more than one child at the School.

STRATEGIC REPORT

Overview

After the disruption of the previous two years caused by the global COVID-19 pandemic, all members of the School community enjoyed a return to "normality". The School continued to offer a broad and

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

diverse curricular and co-curricular programme and some highlights are set out in the sections below. All of the key objectives for the year, which are set out on page 8, were met.

The Governors would like to record their thanks to all staff and pupils for their hard work and contribution to the success of QEH and to all parents for their continued support of the School.

Pupil Numbers and Fees

Pupil numbers at the start of the academic year were 674 in the Senior School and 108 in the Junior School.

Termly fees were:

Senior School	£5,100
Junior School	£3,420

Financial Result

Net incoming resources for the year, before transfers and investment gains, were £447,173 (2021: £714,379).

Academic Results

Pupils sat public examinations for the first time since 2019, with grades having been awarded through Centre Assessed Grades in 2020 and Teacher Assessed Grades in 2021 due to the Coronavirus pandemic.

Students experienced significant disruption to their learning over the last two years, with all pupils having experienced two terms of remote learning and many having had additional periods of absence and disruption due to the pandemic. Nonetheless, the School's pupils achieved outstanding results.

27% of grades at A Level were A* and 86% were A*/B. At GCSE 24% of grades were awarded at Grade 9 with 67% at 7 to 9.

Music

The easing of COVID-19 restrictions enabled a fuller calendar of musical events to resume.

The year began with the traditional House Music Solos, with each year putting on a lunchtime concert in front of their respective year groups in the Theatre, with high numbers of pupils contributing once again. Carol singing at The Mansion House returned, as well as the hugely popular Jingle Jam and Carol Service. A highly successful music tour to Glasgow and Edinburgh took place in the first week of the Christmas holidays.

In the Easter Term, the Musician of the Year Final saw the School's most able soloists performing once again to an appreciative audience, and the Spring Concert returned to the beautiful setting of St George's. The House Music Finals Evening was a great success and saw record numbers of parents

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

and students attending. The department also held a Battle of the Bands and a Senior Piano Concert before finishing off with the traditional Charter Day service in Bristol Cathedral.

The Senior Showcase in the Summer Term was a new addition to the concert programme and, along with the Junior Showcase, allowed students from the respective age groups the perfect opportunity to showcase their ensemble and classroom work before the start of external exams. An informal Junior Piano Concert was also held to cap off a hugely successful and busy year.

Junior School highlights included the annual Carol Concert and the 'QEH's Got Talent' Show.

Drama

After a difficult period in the theatre due to the pandemic the doors to the theatre were opened again and three very different Senior School productions were staged.

The Autumn term production was an adaptation of 'The Three Musketeers', starring sixth form students and staff. It was sold out each night and the audience delighted in the fact that they were once again sharing a space with others, watching live theatre.

At Easter a new play by Jack Thorne called 'Afterlife' was staged, performed by students in years 9, 10 and 12 and in the Summer term the younger year groups performed an adaptation of the well-known novel 'The Secret Garden'. This involved a huge cast and the production was performed in the round. Each night's performance was dedicated to the memory of a Year 8 pupil who sadly died from cancer earlier in the year, and who had wanted to be in the play. His friends spoke beautifully about him at the end of the performance and asked audiences to donate money to the Bone Cancer Research Trust. This was an extremely memorable performance.

There was also a busy drama programme in the Junior School, with highlights including the memorable Year 3 and 4 production of 'Jack and the Beanstalk' in the Spring term and a wonderful production of 'Jonny and the Bomb' by Year 6 pupils in the Summer term.

The year also included an extensive programme of theatre trips and workshops with professional actors.

Sport

A full programme of sporting activities resumed after the disruption of the last two years.

In rugby, the 1st XV had a successful season winning eight of their twelve matches. The 1st VII won the Plate at the Colstons 7s; the U16 team won the Gloucestershire 7s; the U15s won the Bristol Schools 7s; the U14 team reached the second day knockout at Rosslyn Park; and the U13 team won the Plate at the Downs School 7s. Numerous students were involved in the Bristol Bears Academy and 52 pupils and 4 staff enjoyed an amazing tour to Eastern Canada in July.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

Football also enjoyed a highly successful season with the 1st XI winning eight out of eleven matches. The U15A team were unbeaten and the U14A, U13A and U12A teams only lost 1 game each. A number of students play for Bristol City, Bristol Rovers and Exeter City Academies.

A highlight of the cricket season was the U13 side winning 14 out of 15 games and reaching the final of the County Sevens.

Girls' hockey saw a highly successful season in which the girls won the Avon and West region Tier 4 Tournaments and went on to play in the National Finals in Nottingham. The three senior netball teams also enjoyed a successful season.

The Junior boys' tennis team won the Regional Competition and qualified for the SW Championships.

The annual Sports day returned and was a great success, held in glorious sunshine and seeing a number of records broken.

In Athletics, a number of students were selected for Avon Schools and participated in the SW Championships.

Outdoor Activities

After the disruption of the past two years the Outdoor Pursuits programme resumed fully with an extensive range of activities and expeditions.

QEH had six teams in the Ten Tors event, more than any other school/institution taking part, and all the teams finished in fantastic times.

The Duke of Edinburgh's award continued to go from strength to strength with numbers increasing throughout the year groups. 68 students signed up for the Bronze award in year 9, there were 125 Silver award participants in Years 10 and 11, and 24 completed Gold awards. The volunteering that the students participate in continues to help both the local community and further afield, ranging from helping to collect litter in the local neighbourhood to counting penguins in Antarctica through satellite imagery. A new record saw 137 students in Years 9 and 10 complete their Bronze/Silver expeditions on Exmoor and then the Year 11 and 12 students completed their assessed expedition on the Brecon Beacons in July.

The Enrichment programme continued to develop, including expeditions to Belmont Woods and mountain biking in Ashton Court.

In another successful year for the climbing club, the junior (Y7-9) bouldering squad won the South West Schools' bouldering league. The two senior teams came 2nd and 3rd, narrowly missing out on top spot.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

2021-22 also saw the return of international trips. The Outdoor Pursuits department took 146 students on a ski trip to Serre Chevalier in France and then a group of 24 students headed to the GR20 in Corsica in July for a trek across the long distance footpath, staying in mountain huts along the way.

Elizabethan Society and Friends of QEH

The School maintains close links with its alumni and the Friends of QEH, who support the School and contribute financially to various prize funds and projects.

The Elizabethan Society continued to arrange a number of events, publications and communications to enable alumni to keep in contact with the School.

The Friends of QEH arranged a number of successful events including the Family Fireworks night, the annual Jingle Jam evening at Christmas, a Curry and Quiz Night, and the Lizzies Film Awards.

Fundraising Performance

During the year the School raised £261,962 (2021: £176,662) through gifts and donations.

Investment Performance

Investment income for the year was £405,566 (2021: £372,985). See Note 3 to the Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The School maintains a Risk Management Register which is reviewed annually by the Governing Body and the Senior Leadership Team.

As part of the regular review Governors have identified six key strategic risks:

1 Long-term financial viability

To secure its long-term financial viability, the School has to balance the investment it makes in its staff and buildings with its funding, the key source of which is fee income. To ensure all its commitments are met, the School has robust management processes. These include forecasting pupil numbers, detailed budgeting and cash flow projections, which are prepared by the Senior Leadership Team and subject to detailed scrutiny by Governors. Progress against this plan is monitored continually by the Senior Leadership Team and termly by Governors.

2 Affordability

The School operates in a very competitive market with fees increasing faster than earnings, and is conscious that the cost of private education is increasingly beyond the financial means of many families. In addition, affordability of fees, and therefore pupil numbers, could be affected by macro-economic factors, including the recent significant inflationary increases in energy, food and other costs. Recognising this, QEH looks to ensure it achieves value for money in every area of its operations, while maintaining the excellent all-round education for which it is renowned. In addition, the School continues to seek donations to increase the funding it has

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

available for means-tested bursaries, in order to provide financial support to even more families than it currently does.

3 Safety and security of pupils, staff and premises

The School aims to provide a safe and secure environment. To do this it has in place detailed policies and procedures including in the areas of safeguarding children (including from the risk of abuse of children by adults or from child on child abuse), anti-bullying, health and safety, physical security, cyber-security, wellbeing and critical incident management. These policies are regularly reviewed by Governors. Staff and pupils are provided with detailed training, as appropriate, to ensure these policies are adhered to across the School. In particular, staff and Governors undertake regular comprehensive safeguarding training. The School employs (jointly with two other independent schools in Bristol) a full-time Health and Safety Officer who, in conjunction with the Bursar, Estates Bursar and Maintenance Supervisor, carries out regular inspections of the School buildings and maintains various departmental risk assessments.

4 Government policy

There is a risk that changes to government policy (such as amendments to VAT legislation on educational supplies, business rates relief, levy charges, and Teachers Pension contribution levels) would have a significant impact on the School's ability to operate, and links closely with another key strategic risk of affordability. This in turn could have a large impact on the demand for places, and therefore on fee income. QEH mitigates this risk by regularly reviewing its reserves policy, by preparing long-term forecasts, which include contingency planning in the event of changes in policy, and by taking an active role in supporting the Independent Schools Council in promoting public affairs and parliamentary engagement on behalf of the sector.

5 Recruitment and retention of key staff

The School relies on its ability to recruit and retain high quality staff to carry out its charitable activities and achieve its objectives. The general shortage of labour in the current economic environment increases the risk of not achieving this objective. In order to achieve this the School provides a comprehensive range of financial and non-financial benefits to staff, including competitive salaries and training and development opportunities, and the promotion and support of staff wellbeing.

6 Effectiveness of Governance

The Governors recognise that strong governance is essential to the School's success. In order to ensure that governance is effective Governors are appointed based upon a skills matrix. Comprehensive induction and refresher training is provided to governors. Committee structures are in place, supported by clear terms of reference. Governors actively monitor the implementation of policies and compliance within the School.

The generic controls used by the School to minimise risk include:

- detailed terms of reference together with formal agendas for Committees and Board activity

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

- strategic development planning reviewed by the Governing Body and its Committees
- comprehensive budgeting and management accounting
- established organisational structures and lines of reporting
- formal written policies including clear authorisation levels
- safeguarding procedures, as required by law, for the protection of children.

The Governors regularly review the effectiveness of current plans and strategies for managing all identified major risks for the School.

FUTURE PLANS

The School intends to continue to achieve its aims and values, and to further develop its public benefit activities including the provision of bursaries and partnerships with maintained schools. Further work is planned to develop and enhance the facilities of the school.

The key objectives for the year ending 31 August 2023 include:

- To recruit sufficient pupils able to benefit from the education offered by the School
- To maintain the School's high level of academic performance
- To continue to provide assisted places for families with limited financial means
- To continue to develop the facilities at the School
- To continue to operate the School effectively and safely and to safeguard and promote the welfare of pupils at the School
- To ensure that the financial position of the School remains sound
- To continue to work towards the goals and targets set by the School's operational plan, under the four themes:
 - Innovative and challenging education – both in and out of the classroom
 - Supportive and caring community
 - Development, partnership and accessibility
 - Create an inspiring learning environment

FINANCES

The School's main source of income is from fees and investments, the latter being mainly derived from permanent endowment.

The Governors' principal financial policy is to set the fees at a level which will be sufficient to generate net income and resources of 10% of net fees, to fund development work and to provide free reserves equivalent to a term's expenditure when funds permit. All available endowment income will be used to provide assistance with fees.

The parents of pupils have the assurance that the income of the School, as a charity, must be applied for educational purposes. The charitable status permits a tax exemption on educational activities and

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

on investment income and gains, provided these are applied for charitable aims. As a charity, the School is also entitled to an 80% reduction on business rates on the property occupied for charitable purposes. The financial benefits received from this tax exemption are all applied for educational purposes and indirectly help to maintain the School's bursary provision.

However, as an educational charity, the School is unable to reclaim VAT input tax on costs as it is exempt for VAT purposes. The School also pays taxes as an employer through national insurance contributions.

In addition to the very substantial benefits the School brings to its pupils, the local community and society through the education offered, it provides education which would otherwise have to be funded by the Exchequer.

Developments

During the year a number of refurbishment and capital projects were carried out, including the refurbishment of the first floor classrooms in the Senior School; the refurbishment of the third floor classrooms in the Junior School; and the redevelopment of the maintenance and catering entrance area at the School to create additional meeting space, staff facilities, offices and storage. In addition the School completed a site masterplan to assist in the long-term development of the School's facilities.

Reserves and Financial Health

In common with most other independent schools, the School operates with a limited amount of free reserves (unrestricted funds less tangible fixed assets), but uses its annual operating surpluses to finance capital expenditure for improving buildings and facilities, to continue to provide a first class education for pupils.

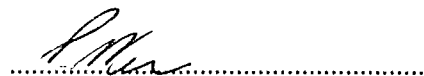
The School's unrestricted funds stood at £13,056,870 at the year end, of which £9,026,837 represented funds deployed as part of the School's fixed assets, leaving £4,030,033 (2021: £3,387,226) as free reserves. The School also held £11,985,797 in Endowment Funds and £1,464,601 in Restricted Funds. It is anticipated that approximately £1,104,000 of the Restricted Funds will be applied in future years to support pupils currently at the School. The School aims to retain sufficient reserves to ensure continuity in the event of unforeseen circumstances. The current objective is to retain a level of free reserves equivalent to approximately one term's expenditure. The Governors consider the current level of reserves to be in line with that objective. This objective is reviewed on a regular basis and adjusted if appropriate.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

GOVERNORS' REPORT
For the year ended 31 August 2022

AUDITORS

A resolution to re-appoint Bishop Fleming LLP as auditors for next year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.



P A Keen
Governor

This report, including the Strategic Report, was approved by order of the Board of Trustees on 1 December 2022.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
for the year ended 31 August 2022

The Governors (who are also directors of Queen Elizabeth's Hospital for the purpose of company law) are responsible for preparing the Governors' Report, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
QUEEN ELIZABETH'S HOSPITAL
for the year ended 31 August 2022

OPINION

We have audited the financial statements of Queen Elizabeth's Hospital (the School) for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 School's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
QUEEN ELIZABETH'S HOSPITAL
for the year ended 31 August 2022

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Governors' Report, other than the financial statements and our Auditors' 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 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 Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the 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 our knowledge and understanding of the School and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report.

We have nothing to report in respect of the following matters in relation to which we are required to report to you if, in our opinion:

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

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
QUEEN ELIZABETH'S HOSPITAL
for the year ended 31 August 2022

RESPONSIBILITIES OF GOVERNORS

As explained more fully in the Governors' Responsibilities statement, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Identifying and assessing potential risks related to irregularities

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance of the School;
- We have considered the results of enquiries with management and Governors, including the committees charged with governance over the School's finance and control, in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have considered any matters we identified having obtained and reviewed the School's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks or fraud or noncompliance with laws and regulations;

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
QUEEN ELIZABETH'S HOSPITAL
for the year ended 31 August 2022

- We have considered the matters discussed among the audit engagement team and involving relevant internal independent schools specialists regarding how and where fraud might occur in the financial statements and any potential indications for fraud;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained understanding of the legal and regulatory frameworks that the School operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, Charity SORP 2019 and FRS 102. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the School's ability to operate or avoid a material penalty. These included data protection regulations, health and safety regulations and employment legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing committee meeting minutes;
- Enquiring of Governors and management in relation to actual and potential claims or litigations;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all Governors of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

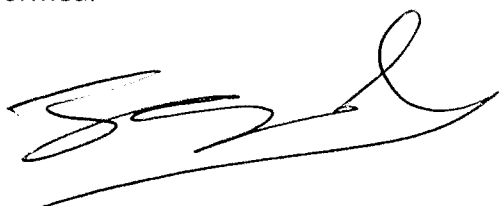
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
QUEEN ELIZABETH'S HOSPITAL
for the year ended 31 August 2022

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in financial statements or non-compliance with regulation, will be detected by us. The risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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



Joseph Scaife FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

10 Temple Back

Bristol

BS1 6FL

Date:

8/12/22

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
for the year ended 31 August 2022

	<i>Notes</i>	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2022 £	Total 2021 £
Income and endowments from:						
Voluntary sources						
Grants and donations		10,858	251,104	-	261,962	176,662
Charitable activities						
School fees receivable	2	10,917,281	-	-	10,917,281	9,992,443
Other trading activities						
Sundry letting		25,473	-	-	25,473	21,090
Investments						
Investment income	3	374,165	23,446	-	397,611	366,326
Bank and other interest	3	7,955	-	-	7,955	6,659
Other						
Other income	4	-	-	-	-	18,908
Profit on sale of fixed assets		20,000	-	-	-	-
Total income and endowments		11,355,732	274,550	-	11,630,282	10,582,088
Expenditure on:						
Raising funds						
Financing costs		31,060	-	-	31,060	33,568
Investment management		293,076	1,952	49,935	344,963	111,547
Fundraising costs		59,766	-	-	59,776	-
Total deductible costs		383,902	1,952	49,935	435,789	145,115
Charitable activities						
Education and grant making		10,575,029	172,291	-	10,747,320	9,722,594
Total expenditure	5	10,958,931	174,243	49,935	11,183,109	9,867,709
Net income before transfers and investment gains						
		396,801	100,307	(49,935)	447,173	714,379
Gains/(losses) on investments		-	(29,094)	(744,231)	(773,325)	1,308,069
Gains on investment properties		-	-	40,000	40,000	380,000
Transfers between funds	13	(53,260)	-	53,260	-	-
Net movement in funds		343,541	71,213	(700,906)	(286,152)	2,402,448
Fund balances brought forward		12,713,329	1,393,388	12,686,703	26,793,420	24,390,972
Fund balances carried forward		13,056,870	1,464,601	11,985,797	26,507,268	26,793,420

The notes on pages 30-54 form part of these financial statements


QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

Company No. 5164477
BALANCE SHEET
as at 31 August 2022

	<i>Notes</i>	2022	2021
		£	£
Fixed assets			
Tangible assets	<i>7</i>	9,026,837	9,326,103
Securities investments	<i>8</i>	8,608,098	9,433,310
Property investments	<i>8</i>	3,647,527	3,607,527
		<hr/>	<hr/>
		21,282,462	22,366,940
		<hr/>	<hr/>
Current assets			
Debtors	<i>9</i>	61,414	89,311
Cash and deposits		8,556,470	7,776,274
		<hr/>	<hr/>
		8,617,884	7,865,585
		<hr/>	<hr/>
Current Liabilities			
Creditors: amounts falling due within one year	<i>10</i>	(2,617,682)	(2,528,924)
		<hr/>	<hr/>
Net Current Assets		6,000,202	5,336,661
		<hr/>	<hr/>
Total assets less current liabilities		27,282,664	27,703,601
		<hr/>	<hr/>
Long term liabilities			
Creditors: amounts falling due after one year	<i>11</i>	(775,396)	(910,181)
		<hr/>	<hr/>
Net assets		26,507,268	26,793,420
		<hr/>	<hr/>
Endowed Funds	<i>13</i>	11,985,797	12,686,703
Restricted Funds	<i>14</i>	1,464,601	1,393,388
Unrestricted Funds		13,056,870	12,713,329
		<hr/>	<hr/>
		26,507,268	26,793,420
		<hr/>	<hr/>

Included within total funds is an investment revaluation reserve of £4,511,273 (2021: £5,296,485). £1,065,207 was borrowed from the Endowment Fund in 2006/07 and is repaid from unrestricted funds in equal instalments over a 20 year period. The amount still due at the year end was £213,047 (2021: £266,307).

These financial statements were approved by the Governors on 1 December 2022 and signed on their behalf by:


P A Keen
Chairman

The notes on pages 30-54 form part of these financial statements

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

CASH FLOW STATEMENT
for the year ended 31 August 2022

	Notes	2022	2021
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	16a)	752,838	1,068,825
		<hr/>	<hr/>
Cash flows from investing activities:			
Dividends, interest and rents from investments		397,611	366,326
Purchase of property, plant and equipment		(285,969)	(149,534)
Purchase of investments		-	(196,520)
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		111,642	20,272
		<hr/>	<hr/>
Cash flows from financing activities:			
Cash inflows from new borrowing		-	-
Cash repaid on borrowings		(53,224)	(50,739)
Interest paid on borrowings		(31,060)	(33,568)
		<hr/>	<hr/>
Net cash provided by financing activities		(84,284)	(84,307)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		780,196	1,004,790
Cash and cash equivalents brought forward		7,776,274	6,771,484
		<hr/>	<hr/>
Cash and cash equivalents carried forward	16b)	8,556,470	7,776,274
		<hr/>	<hr/>

The notes on pages 30-54 form part of these financial statements

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Charities Act 2011 and the Companies Act 2006. These financial statements are drawn up on the historical cost accounting basis as modified by the revaluation of investment properties and other investments.

The accounts of the Company have been prepared in accordance with a Uniting Direction issued by the Charity Commission dated 25 August 2005. The Commission has directed that the charities called Queen Elizabeth's Hospital Trust (charity number 1104871-1) and Queen Elizabeth's Hospital Scholarship, Bursary and Prize Fund (charity number 1104871-2) shall be treated as forming part of the charity called Queen Elizabeth's Hospital (charity number 1104871) for the purposes of Part VI of the Charities Act 1993. The three charities are aggregated in the Statement of Financial Activities and on the face of the Balance Sheet, with Note 15 detailing individual fund balances and analysing the assets and liabilities between each type of fund and each charity.

Queen Elizabeth's Hospital constitutes a public benefit entity as defined by FRS102.

Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the School to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The current levels of cash and unrestricted reserves, combined with strong pupil numbers and controls over operating expenditure, have enabled the Governors to conclude that the School has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties about the School's ability to continue as a going concern, and therefore the Governors continue to adopt the going concern basis in preparing the financial statements.

General information

The School is a private company limited by guarantee and is incorporated in England and Wales. The registered office is: Queen Elizabeth's Hospital, Berkeley Place, Clifton, Bristol, BS8 1JX.

Charitable Activities

Fees receivable and charges for services and use of premises are accounted for in the year in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School, but include contributions from Restricted Funds for Scholarships, Bursaries and other grants.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

1. ACCOUNTING POLICIES (continued)

Voluntary sources

Income from voluntary sources for the general purposes of the Charity are included as unrestricted funds. Voluntary incoming resources for activities restricted by the wishes of the donor or the terms of the appeal are taken to Restricted funds. Voluntary income required to be retained as capital in accordance with the donor's wishes are accounted for as Endowments – permanent or expendable according to the nature of the restriction. Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Expenditure

Expenditure is accounted for on an accruals basis as soon as a liability is considered probable. Expenditure is allocated to functional headings, which aggregate all costs relating to the category on a direct cost basis. The irrecoverable element of VAT is included with the item of expense to which it relates.

Investment Income

Investment income from dividends, property funds, bank balances and fixed interest securities is accounted for on an accruals basis. Income from investment properties is accounted for in the period to which the rental income relates.

Tangible fixed assets

All fixed assets are initially recorded at cost. It is the policy of the School to review all expenditure over £5,000 and capitalise where necessary and appropriate.

Depreciation is provided on all assets except freehold land based on the historical cost less the estimated residual value of the asset based on current market prices at the end of its useful economic life. Depreciation is provided at the following rates:

Freehold buildings	-	over 50 years
Freehold improvements	-	over 15 to 50 years
Fixtures, fittings and equipment	-	over 3 to 5 years
Motor vehicles	-	over 5 years

Investment assets

Investment properties are shown at professional estimates of open market value made by Jones Lang LaSalle, Chartered Surveyors, as at 31 August 2022. Any deficit or surplus is included in endowments.

Listed investments other than property are included at their bid price at the balance sheet date.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

1. ACCOUNTING POLICIES (continued)

Any surplus or deficit on the sale of investment assets included in the Statement of Financial Activities is calculated by reference to the market value at the opening balance sheet date of the property sold.

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.

Fund accounting

The charitable trust funds of the School are accounted for as unrestricted or restricted income, or as endowment capital, in accordance with the terms of trust imposed by the donors or any appeal to which they have responded.

Unrestricted income belongs to the School's corporate reserves, spendable at the discretion of the Governors either to further the School's objectives or to benefit the School itself. Where the Governors decide to set aside any part of these funds to be used for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Restricted income comprises gifts, legacies and grants where there is no capital retention obligation or power but only a trust law restriction to some specific purpose intended by the donor.

Permanent endowment arises where a donor intends the gift to be retained permanently for use by the School (e.g. freehold land) or for its financial benefit (i.e. by investment).

Expendable endowment funds are accounted for similarly, except that all capital can be converted to income for spending either at the Governors' own discretion or else upon the happening of some event contemplated by the donor (e.g. annual depreciation charges on a building or other wasting asset retained for use by the School on a continuing basis – i.e. as a fixed asset).

Pension schemes

The School contributes to the defined benefit scheme for teaching staff which is run by Teachers' Pensions. The Teachers' Pension Scheme (TPS) is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 6, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

1. ACCOUNTING POLICIES (continued)

The School participates in Series 1, 2 and 3 of the TPT Retirement Solutions Growth Plan (the Plan). This is a multi-employer pension plan, which is funded and is not contracted out of the State's scheme. The Plan's assets are co-mingled for investment purposes, and benefits are paid out of the total assets. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 102 represents the employer contribution payable. Further details of the scheme are set out in Note 6 and details of a contingent liability in respect of these contributions is set out in Note 18. This pension scheme is in deficit and the School is committed to making contributions towards this deficit. In accordance with FRS 102 the total of the deficit payments are included as a liability within the financial statements. Other than the deficit contribution no ongoing employer contributions are being made to these Series of the TPT Retirement Solutions Growth Plan.

The School contributes to Series 4 of the TPT Retirement Solutions Growth Plan, a defined contribution scheme for support staff. The assets of the scheme are held separately from those of the School. The annual contributions payable are charged to the Statement of Financial Activities as they become payable.

The School is also liable for payments to employees who joined a defined benefit scheme in operation between 1979 and 1984. This was a non-contributory retirement pension scheme and was available to full time support staff who joined the Scheme by 1984 and who continued in service at the School until the normal retirement age. No contributions were made by the employee or the School during the period of service, but the School is liable for pension payments to eligible former employees who meet the retirement criteria.

Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

Cash at Bank and in Hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 3 months.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

1. ACCOUNTING POLICIES (continued)

Liabilities and Provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the School anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the School after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

Critical Accounting Estimates and Areas of Judgement

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

The School makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the revaluations of investment properties.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

2. CHARITABLE ACTIVITIES – SCHOOL FEES RECEIVABLE

	2022	2021
	£	£
The School's fee income comprised:		
Gross fees	12,035,209	11,063,342
Less: Total scholarships, bursaries and allowances	(1,284,844)	(1,246,170)
	<u>10,750,365</u>	<u>9,817,172</u>
Add back: Bursaries etc paid for by restricted funds	166,916	175,271
	<u>10,917,281</u>	<u>9,992,443</u>

3. INVESTMENT INCOME

	2022	2022	2022	2022	2021
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total	Total
	£	£	£	£	£
Property income	115,705	-	-	115,705	108,760
Interest receivable	7,955	-	-	7,955	6,659
Income from investments	258,460	23,446	-	281,906	257,566
	<u>382,120</u>	<u>23,446</u>	<u>-</u>	<u>405,566</u>	<u>372,985</u>

Of the total unrestricted investment income £374,165 (2021: £344,692) arose from permanently endowed assets. There are no restrictions placed on the income generated from any of the permanently endowed assets.

4. OTHER INCOME

	2022	2021
	£	£
Government grant – Coronavirus Job Retention Scheme	-	18,908
	<u>-</u>	<u>18,908</u>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

5. ANALYSIS OF TOTAL EXPENDITURE

	Staff Costs 2022 £	Depreciation 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
Raising funds:					
Financing costs	-	-	31,060	31,060	33,568
Investment management:					
- Securities investments	-	-	51,887	51,887	48,305
- Property investments	-	-	293,076	293,076	63,242
Fundraising costs	37,234	-	22,532	59,766	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total costs of raising funds	37,234	-	398,555	435,789	145,115
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Charitable expenditure:					
Teaching	5,696,221	177,912	708,517	6,582,650	5,981,636
Welfare	84,760	-	654,029	738,789	669,831
Premises	384,283	407,323	1,201,917	1,993,523	1,696,170
Support and governance	520,964	-	739,103	1,260,067	1,195,054
Grants, awards and prizes	-	-	172,291	172,291	179,903
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,686,228	585,235	3,475,857	10,747,320	9,722,594
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expended	<hr/> 6,723,462	<hr/> 585,235	<hr/> 3,874,412	<hr/> 11,183,109	<hr/> 9,867,709

Grants, awards and prizes

	2022 £	2021 £
From Restricted Funds:		
Bursaries and other grants and awards	166,916	175,271
Prizes and leaving awards	5,375	3,793
Other costs	-	839
	<hr/>	<hr/>
	172,291	179,903
	<hr/>	<hr/>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

5. ANALYSIS OF TOTAL EXPENDITURE (continued)

Staff costs comprise:	2022	2021
	£	£
Wages and salaries	5,178,316	4,840,016
Defined contribution pension scheme employer's contributions	68,387	59,426
Defined benefit pension scheme operating costs	911,040	832,547
Social Security	565,719	496,016
	<u>6,723,462</u>	<u>6,228,005</u>

No Governors received any remuneration or other benefits from the School or from any connected body during the year.

	2022	2021
	£	£
Aggregate employee benefits of key management personnel	<u>600,117</u>	<u>574,910</u>

Employee benefits include wages and salaries, social security and employer's pension contributions, and other benefits in kind.

The average total number of staff employed during the year was 152 (2021: 152). The average number of full time equivalent staff employed during the year was 123 (2021: 121):

	2022	2021
Teaching	81	79
Welfare	2	2
Premises	12	12
Support	28	28

	2022	2021
Number of higher paid employees in bands of:		
£130,001 to £140,000	1	1
£100,001 to £110,000	1	1
£70,001 to £80,000	2	1
£60,001 to £70,000	<u>4</u>	<u>4</u>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

5. ANALYSIS OF TOTAL EXPENDITURE (continued)

The total amount relating to termination payments during the year was £Nil (2021: £30,000). These amounts relate to agreements made with employees to end employment contracts.

No emoluments were paid to the Governors in respect of their services during the year, nor have they received any other form of disclosable trustee benefit (2021: £Nil). The Company provided indemnity insurance for Governors, the cost of which was included as part of the overall insurance premium for the year. During the year Governors received £1,067 for reimbursement of training and travel expenses (2021: £1,242).

Administration costs include:	2022	2021
	£	£
Depreciation - owned assets	585,235	620,242
Loss on disposal of fixed assets	-	8,100
Auditors' remuneration	11,160	10,200
Auditors' non-audit remuneration	1,122	540

6. PENSION COSTS

There are several pension schemes open to certain employees of the School which include the Teachers' Pension Scheme for teaching staff and other schemes as detailed in Note 1.

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 £911,040 (2021: £832,547) and at the year-end £107,315 (2021: £99,725) was accrued in respect of contributions to this scheme.

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

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

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

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

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June 2021 on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

Defined contribution scheme (TPT Retirement Solutions Growth Plan)

The School also contributes to a defined contribution scheme for support staff, as detailed in Note 1. Total employer contributions to the scheme for the year amounted to £68,387 (2021: £59,426).

In 2012, following a ruling by the Supreme Court, the TPT Retirement Solutions Growth Plan Series 3 was reclassified as a defined benefit scheme alongside Series 1 and 2; Series 4 remains a defined contribution scheme and further disclosure is given below.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

6. PENSION COSTS (continued)

The School participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the School to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a "last-man standing" arrangement. Therefore the School is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay further additional contributions totalling £3,312,000 per annum for all participating employees in monthly payments from 1 April 2022 to 31 January 2025 (unless a concession has been agreed with the Trustee).

The scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme totalling £11,243,000 per annum from 1 April 2019 to 31 January 2025 (payable monthly and increasing by 3% each on 1 April each year).

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 School has agreed to a deficit funding arrangement the School 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.

The recovery plan currently requires that from 1 September 2022, additional annual contributions of £4,024 are made over the term of the recovery plan. This liability has been recognised in the financial statements.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

6. PENSION COSTS (continued)

<u>Present value of provision</u>	2022 £	2021 £
Present value of provision	9,245	47,983
	<hr/>	<hr/>
<u>Reconciliation of opening and closing provisions:</u>	2022 £	2021 £
Provision at start of year	47,983	61,050
Unwinding of the discount factor (interest expense)	272	296
Deficit contribution paid	(9,568)	(13,298)
Re-measurements - impact of change in assumptions	(407)	(65)
Remeasurements - amendments to the contribution schedule	(29,035)	-
Provision at end of year	9,245	47,983
	<hr/>	<hr/>
<u>Income and expenditure impact:</u>	2022 £	2021 £
Unwinding of the discount factor (interest expense)	272	296
Re-measurements - impact of change in assumptions	(407)	(65)
Remeasurements - amendments to the contribution schedule	(29,035)	-
Costs recognised in income and expenditure account	(29,170)	231
	<hr/>	<hr/>
<u>Assumptions:</u>	2022 %	2021 %
Rate of discount (% per annum)	4.46	0.63
	<hr/>	<hr/>

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.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

6. PENSION COSTS (continued)

TPT Retirement Solutions Scottish Voluntary Sector Pension Scheme

The School no longer participates in the TPT Retirement Solutions Scottish Voluntary Sector Pension Scheme, but continues to make contributions to the scheme as part of a recovery plan. Deficit contributions totalling £6,792 were paid during the year (2021: £7,410). The amount due at 31 August 2022 is £24,887 (2021: £41,247). This liability has been recognised in the financial statements.

Queen Elizabeth's Hospital Governors' Non-Contributory Pension Scheme

The School is liable for payments to employees who joined the Queen Elizabeth's Hospital Governors' Non-Contributory Pension Scheme, a defined benefit scheme in operation between 1979 and 1984. This was a non-contributory retirement pension scheme and was available to full time support staff who joined the Scheme by 1984 and who continued in service at the School until the normal retirement age. No contributions were made by the employee or the School during the period of service, but the School is liable for pension payments to eligible former employees who meet the retirement criteria. Pension payments in respect of this scheme totalling £3,739 were made during the year (2021: £3,639). The liability for estimated future payments under this Scheme has been recognised in the financial statements. The amount due at 31 August 2022 is £38,709 (2021: £40,000).

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

7. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Building £	Freehold Improvement £	Fixtures, fittings Equipment £	Motor Vehicles £	Total £
Cost						
As at 1 September 2021	180,020	7,336,003	4,524,756	1,665,240	99,633	13,805,652
Additions	-	-	184,941	101,028	-	285,969
Disposals	-	-	-	(31,891)	(70,866)	(102,757)
As at 31 August 2022	180,020	7,336,003	4,709,697	1,734,377	28,767	13,988,864
Depreciation						
As at 1 September 2021	-	1,858,684	1,234,340	1,286,892	99,633	4,479,549
Charge for year	-	146,720	260,603	177,912	-	585,235
Disposals	-	-	-	(31,891)	(70,866)	(102,757)
As at 31 August 2022	-	2,005,404	1,494,943	1,432,913	28,767	4,962,027
Net Book Value						
At 31 August 2022	180,020	5,330,599	3,214,754	301,464	-	9,026,837
At 31 August 2021	180,020	5,477,319	3,290,416	378,348	-	9,326,103

CAPITAL COMMITMENTS

As at the year-end the School had capital commitments totalling £128,565 (2021: £Nil).

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

8. FIXED ASSET INVESTMENTS

	Property investments £	Securities investments £	Total £
Market value at 1 September 2021	3,607,527	9,433,310	13,040,837
Additions	-	-	-
Costs of maintaining investments	-	(51,887)	(51,887)
Change in market value	40,000	(773,325)	(733,325)
	<hr/>	<hr/>	<hr/>
Market value at 31 August 2022	3,647,527	8,608,098	12,255,625
	<hr/>	<hr/>	<hr/>
Historical cost	1,098,127	6,956,225	8,054,352
	<hr/>	<hr/>	<hr/>

Securities investments comprise:

	Value £
Quilter Cheviot Portfolio	8,605,459
Investments held with Smith & Williamson	2,637
Investment in subsidiary, QEH International Schools Limited	2
	<hr/>
	8,608,098
	<hr/>

The school holds 100% of the issued capital of QEH International Schools Limited (Company Number: 10665787). The company did not trade during the year to 31 August 2022.

9. DEBTORS

	2022 £	2021 £
Fees receivable	17,614	5,245
Other debtors	8,490	5,081
Prepayments and accrued income	35,310	78,985
	<hr/>	<hr/>
	61,414	89,311
	<hr/>	<hr/>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

10. CREDITORS: Amounts falling due within one year

	2022	2021
	£	£
Fees in advance	1,265,661	1,265,033
Sundry creditors and accruals	1,156,251	1,085,442
Taxation & Social Security	140,020	125,225
Bank loan	55,750	53,224
	<hr/>	<hr/>
	2,617,682	2,528,924
	<hr/>	<hr/>

11. CREDITORS: Amounts falling due after more than one year

	2022	2021
	£	£
Sundry creditors and accruals (1-2 years)	13,823	25,253
Sundry creditors and accruals (2-5 years)	26,161	56,700
Sundry creditors and accruals (over 5 years)	19,689	22,253
Deferred income (1-2 years)	12,987	34,443
Deferred income (2-5 years)	3,817	15,590
Deferred income (over 5 years)	134,882	136,155
Bank loan (1-2 years)	58,429	55,750
Bank loan (2-5 years)	193,315	184,109
Bank loan (over 5 years)	312,293	379,928
	<hr/>	<hr/>
	775,396	910,181
	<hr/>	<hr/>

The School took out an unsecured 15 year bank loan for £900,000 with Lloyds Bank to assist in the funding of a new science and art facility. The loan has a fixed rate of interest of 4.82% and is repayable over 15 years commencing in September 2016.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

11. CREDITORS: Amounts falling due after more than one year (continued)

DEFERRED INCOME

	£
Deferred income at 1 September 2021	1,513,773
Resources deferred during the year	1,345,384
Amounts released from previous years	(1,372,529)
	<hr/>
Deferred income at 31 August 2022	1,486,628
	<hr/>

Deferred income includes fees received in advance, monies received for trips taking place after the year end and income received in advance in respect of a property.

12. FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets measured at fair value through income and expenditure		
Securities investments	8,608,098	9,433,310
	<hr/>	<hr/>
Financial assets measured at amortised cost		
Fees receivable	17,614	5,245
Other debtors	8,490	5,081
Cash and deposits	8,556,470	7,776,274
	<hr/>	<hr/>
	8,582,574	7,786,600
	<hr/>	<hr/>
Financial liabilities measured at amortised cost		
Sundry creditors and accruals	1,006,672	940,908
Bank loan	619,787	673,011
	<hr/>	<hr/>
	1,626,459	1,613,919
	<hr/>	<hr/>

The fair values of the assets and liabilities held at fair value through income and expenditure at the balance sheet date are determined using quoted prices.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

13. ENDOWMENTS

	£
Balance at 1 September 2021	12,686,703
Change in market value	(704,231)
Transfer from unrestricted fund	53,260
Costs of maintaining the endowed funds	(49,935)
	<hr/>
Balance at 31 August 2021	11,985,797
	<hr/>

Pre-incorporation the Permanent Endowment Fund assets were invested in the name of the Trustees of Bristol Charities and managed by them on behalf of the School. The Trustees were bound to pay the net income generated by the assets to the Governors of the School to be used in accordance with the stated objectives. Following the incorporation of the School, the permanent endowment was transferred to QEH Trust. As the assets form a permanent endowment the Governors have no access to the capital of the fund without permission from the Charity Commission.

In the financial year 2006-2007, the Charity Commission agreed that QEH Trust trustees could spend £1,065,207 of the permanent endowment fund converting the charity's property to provide enhanced accommodation. The Charity must replace the sum by setting aside £53,260 each year until 31 August 2026 to be invested as part of the charity's permanent endowment fund.

Movements in the year were as follows:

	£
Balance at 1 September 2021	266,307
Amount repaid in the year	(53,260)
	<hr/>
Balance remaining at 31 August 2022	213,047
	<hr/>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

14. RESTRICTED FUNDS

	As at 1 September 2021 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	As at 31 August 2022 £
John James Prize Fund	-	3,000	(3,000)	-	-
John James Gift	-	30,000	(30,000)	-	-
Bursary Fund	950,901	217,839	(91,782)	-	1,076,958
QEH Old Boys' Benevolent Fund	354,904	10,605	(10,605)	(31,046)	323,858
Scholarship, Bursary & Prize Fund	87,583	13,106	(36,904)	-	63,785
	<u>1,393,388</u>	<u>274,550</u>	<u>(172,291)</u>	<u>(31,046)</u>	<u>1,464,601</u>

	As at 1 September 2020 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	As at 31 August 2021 £
John James Prize Fund	15,250	1,500	(1,500)	(15,250)	-
John James Gift	-	30,000	(30,000)	-	-
Bursary Fund	917,815	135,211	(102,125)	-	950,901
QEH Old Boys' Benevolent Fund	307,226	9,786	(9,786)	47,678	354,904
Scholarship, Bursary & Prize Fund	96,713	12,113	(36,493)	15,250	87,583
	<u>1,337,004</u>	<u>188,610</u>	<u>(179,904)</u>	<u>47,678</u>	<u>1,393,388</u>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

The John James Prize Fund is to be used for awards to pupils or projects at the Head's discretion.

The John James Gift represents specific funds received for the awarding of bursaries during the year.

The Bursary Fund represents funds received from fundraising activities restricted to providing bursaries.

The QEH Old Boys' Benevolent Fund is to be used for:

- (a) The relief of poverty through the provision of:
 - (i) Grants to former scholars of QEH and their dependents in cases of need;
 - (ii) Bursaries and other grants to individual pupils at QEH or on leaving QEH, when need arises;
- (b) The advancement of education in particular through the provision of:
 - (i) Bursaries, prizes and other grants to individual pupils at, or after leaving, QEH;
 - (ii) Funds for specific projects of a charitable nature.

The Scholarship, Bursary and Prize Fund is to be used to further the education of pupils attending Queen Elizabeth's Hospital by the provision of scholarships, bursaries and prizes.

Where restricted funds have been used to purchase fixed assets a transfer has been made from restricted to unrestricted as the restriction placed on the funds by the donor have been satisfied.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	9,026,837	-	-	9,026,837
Securities investments	2	323,858	8,284,238	8,608,098
Property investments	-	-	3,647,527	3,647,527
Current assets	7,423,109	1,140,743	54,032	8,617,884
Liabilities	(3,393,078)	-	-	(3,393,078)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	13,056,870	1,464,601	11,985,797	26,507,268
	<hr/>	<hr/>	<hr/>	<hr/>

	QE £	Linked Charities QE SBP £	QE Trust £	Total £
Fund balances at 31 August 2022 analysed between the linked charities				
Tangible fixed assets	9,026,837	-	-	9,026,837
Securities investments	323,860	392,085	7,892,153	8,608,098
Property investments	-	-	3,647,527	3,647,527
Current assets	8,500,067	63,785	54,032	8,617,884
Liabilities	(3,393,078)	-	-	(3,393,078)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	14,457,686	455,870	11,593,712	26,507,268
	<hr/>	<hr/>	<hr/>	<hr/>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	9,326,103	-	-	9,326,103
Securities investments	2	354,905	9,078,403	9,433,310
Property investments	-	-	3,607,527	3,607,527
Current assets	6,826,329	1,038,483	773	7,865,585
Liabilities	(3,439,105)	-	-	(3,439,105)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	12,713,329	1,393,388	12,686,703	26,793,420
	<hr/>	<hr/>	<hr/>	<hr/>

	QE £	Linked Charities QE SBP £	QE Trust £	Total £
Fund balances at 31 August 2021 analysed between the linked charities				
Tangible fixed assets	9,326,103	-	-	9,326,103
Securities investments	354,907	429,672	8,648,731	9,433,310
Property investments	-	-	3,607,527	3,607,527
Current assets	7,777,228	87,584	773	7,865,585
Liabilities	(3,439,105)	-	-	(3,439,105)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	14,019,133	517,256	12,257,031	26,793,420
	<hr/>	<hr/>	<hr/>	<hr/>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

16. NOTES TO CASH FLOW STATEMENT

a) Reconciliation of net incoming resources to net cash flow from operating activities

	2022	2021
	£	£
Net income/expenditure for the reporting period (as per the statement of financial activities)	(286,152)	2,402,448
Depreciation charges	605,235	620,241
Disposal of Fixed Assets	(20,000)	8,100
Dividends, interest and rents from investments	(397,611)	(366,326)
(Increase)/decrease in debtors	27,897	48,688
Increase/(decrease) in creditors	7,197	(38,130)
Endowment costs	51,887	48,305
Interest on loans	31,060	33,568
(Gains)/losses on investments	733,325	(1,688,069)
	<hr/>	<hr/>
Net cash inflow from operating activities	752,838	1,068,825
	<hr/>	<hr/>

b) Analysis of net funds

	At 1 September 2021	Cash flow	At 31 August 2022
	£	£	£
Cash at bank	7,776,274	780,196	8,556,470
	<hr/>	<hr/>	<hr/>

c) Analysis of cash and cash equivalents

	2022	2021
	£	£
Cash in hand	3,961,105	3,182,536
Notice deposits (less than 3 months)	4,595,365	4,593,738
	<hr/>	<hr/>
Total cash and cash equivalents	8,556,470	7,776,274
	<hr/>	<hr/>

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

17. OPERATING LEASE COMMITMENTS

At 31 August 2022 the aggregate of the School's future minimum lease payments under non-cancellable operating leases was:

	2022	2021
	£	£
Amounts payable:		
Within 1 year	27,961	6,339
Between 1 and 5 years	83,074	11,622
	<hr/>	<hr/>
Total	111,035	17,961
	<hr/>	<hr/>

18. CONTINGENT LIABILITY

The School has a contingent liability which has not been provided for in these accounts in relation to the TPT Retirement Solutions Growth Plan described in Note 6. This liability would crystallise only if the School withdrew from the Growth Plan or if the Plan was to be wound up with no participants.

The School continues to offer membership of the Plan to its employees and as at the balance sheet date there were 53 (2021: 52) active members of the Plan employed by the School. There is no current intention to leave the Plan and trigger the contingent liability.

TPT Retirement Solutions has estimated that, if the School ceased to participate in the Plan as at 30 September 2021, the School would have to pay £113,470 including Series 3 liabilities (September 2020: £188,046) based on the financial position of the plan and the employers that, as at that date, were relevant employers.

QUEEN ELIZABETH'S HOSPITAL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2022

19. STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 AUGUST 2021

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
Income and endowments from:					
Voluntary sources					
Grants and donations	9,686	166,976	-	176,662	169,186
Charitable activities					
School fees receivable	9,992,443	-	-	9,992,443	9,059,673
Ancillary trading income	-	-	-	-	370
Other trading activities					
Sundry letting	21,090	-	-	21,090	32,926
Investments					
Investment income	344,692	21,634	-	366,326	326,498
Bank and other interest	6,659	-	-	6,659	28,279
Other					
Other income	18,908	-	-	18,908	152,250
Total income and endowments	10,393,478	188,610	-	10,582,088	9,769,182
Expenditure on:					
Raising funds					
Financing costs	33,568	-	-	33,568	35,950
Investment management	63,242	1,835	46,470	111,547	151,960
Fundraising costs	-	-	-	-	(3,349)
Total deductible costs	96,810	1,835	46,470	145,115	184,561
Charitable activities					
Education and grant making	9,542,691	179,903	-	9,722,594	9,294,147
Total expenditure	9,639,501	181,738	46,470	9,867,709	9,478,708
Net income before transfers and investment gains	753,977	6,872	(46,470)	714,379	290,474
Gains on investments	-	49,512	1,258,557	1,308,069	235,554
Gains on investment properties	-	-	380,000	380,000	70,000
Transfers between funds	(53,260)	-	53,260	-	-
Net movement in funds	700,717	56,384	1,645,347	2,402,448	596,028
Fund balances brought forward	12,012,612	1,337,004	11,041,356	24,390,972	23,794,944
Fund balances carried forward	12,713,329	1,393,388	12,686,703	26,793,420	24,390,972