



REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Haysmacintyre LLP
Chartered Accountants
Registered Auditors

The Association of Governing Bodies of Independent Schools

The Grange, 3 Codicote Road, Welwyn, Herts AL6 9LY

Tel: 01438 840730

A company limited by guarantee, registered in England and Wales, No. 05217162. Registered Charity No. 1108756

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 DECEMBER 2021

The Association of Governing Bodies of Independent Schools (AGBIS) Board presents its report with the accounts for the year ended 31 December 2021. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019), applicable law and the Charity's governing document.

REFERENCE AND ADMINISTRATIVE DETAILS

Status and Administration

The Association is a company limited by guarantee registered in England and Wales, No 5217162, and a registered charity, No 1108756. The Association was formed in 2002 from an amalgamation of the Governing Bodies Association and the Governing Bodies of Girls Schools Association, both of which were formed in the 1940s. Details of the Board Members, Executive Officers, registered address and professional advisers are given below.

Principal Office

The Grange, 3 Codicote Road, Welwyn, Hertfordshire AL6 9LY

Board Members

Mark Taylor (Chair) #*^	Tring Park School for Performing Arts
David Taylor (Deputy Chair) #	St Lawrence College
Sarah Phillips (Treasurer) *	King Alfred School
Rosie Allen # (appointed 18 March 2021)	City of London School
Charles Barwell *	Rugby School, Malvern College
Tom Beardmore-Gray * (appointed 18 March 2021)	Prep Schools Trust
Margot Chaundler *	Emanuel School
Julie Cornell #	St George's School, The Abbey School
Sam Coutinho * (appointed 18 March 2021)	Plymouth College, Copthorne Prep School
Paul Dillon-Robinson #^ /	Hurstpierpoint College
Pamela Edmonds # (retired 18 March 2021)	St Michael's Prep School
Mike Gregson (Deputy Chair) *^ /	The Edinburgh Academy
Susan King ^	Queen Margaret's School, York
Irfan Latif ^ (appointed as co-optee 22 March 2021)	Greenfield School
Katie Lancaster #^	Kimbolton School
Alison Martin *	Warminster School
Rosemary Martin ^ (resigned 8 December 2021)	Brentwood School, St Mary's Gerrards Cross, Headington School
Revd. Richard Peers ^ \	Christ Church Cathedral School
Sue Ross *	Francis Holland Schools Trust until December 2020
Nigel Taylor #	Marlborough House School
Gillian Winter #	Bury Grammar Schools

* Member of the Finance Committee

Member of the Training and Membership Committee

^ Member of the Nominations and Governance Committee

/ stepped down 18 March 2021, appointed as co-optee 22 March 2021

\ appointed as member representative 18 March 2021

The Board is responsible for the management of the Association and has absolute discretion in applying the funds in furtherance of the objects of the Association. The Board Members are the Trustees of the Charity and are also the Directors for Companies Act purposes.

Day to day running of the Association is entrusted to the Chief Executive, Richard Harman.

Auditors:

Haysmacintyre LLP
10 Queen Street Place,
London,
EC4R 1AG

Bank:

CAF Bank Ltd
25 Kings Hill,
West Malling,
Kent ME19 4JQ

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

REPORT OF THE BOARD (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

AGBIS is governed by its Articles of Association, last amended on 18 March 2021.

Election, Induction and Training of Board Members

Board Members are elected to the Board as Directors at the Annual General Meeting following a ballot of member schools. Those elected are normally governors of member schools who volunteer and have been nominated to serve on the Board. In addition, the Board can co-opt a limited number of Directors in certain circumstances. New Directors receive briefing information, an induction session and they are encouraged to attend AGBIS events.

Organisational Management

The Directors meet as the Board at least three times a year to determine the aims and strategy of the Association and to review its overall management and control for which they are legally responsible. The Finance Committee meets three times a year to agree the budget, to review financial controls, to monitor financial performance and to make appropriate recommendations to the Board. The Training and Membership Committee meets three times a year to review the membership criteria and to recommend to the Board whether applicant schools meet the criteria. This Committee also oversees the training provided for individual schools as well as seminars and reviews of governance. The Nominations and Governance Committee meets three times each year to make recommendations to the Board concerning membership of the Board, appointment of the Honorary Officers and to review the Committees' terms of reference. From time to time other working groups are formed to deal with specific functions and report to the Board. The day-to-day running of the Association is delegated to the Chief Executive who receives guidance from the Honorary Officers between meetings. He is assisted by a Director of Training and a Director of Operations.

Key management personnel remuneration

The Directors consider key management personnel remuneration on an annual basis as part of the staff pay review. In setting key management remuneration, the Directors benchmark against entities of comparable size which have similar objectives. The key management personnel are considered to be the Board Members (as Directors of the charity), the Chief Executive, the Director of Training and the Director of Operations. Board members are not remunerated for their directorship roles but some of them also perform reviews of governance and are paid for these services.

Principal risks and uncertainties

An annual risk management assessment is carried out by the Board to identify the major risks to which the Charity is exposed. The Board confirms that it has established systems to mitigate the Association's exposure to the major risks. As the Charity's main income derives from membership fees and from services to its members, the principal risks relate to the level of membership. The Board reviews the services it offers to ensure that they are in line with the current climate.

In 2021 government restrictions and self-isolation requirements, in place due to the Covid 19 pandemic, meant that for much of the year, AGBIS staff were working from home and the Association ran many of its services online. The annual conference was held virtually and almost all face-to-face seminars were replaced by webinars. Alongside in-person on-site training and Reviews of Governance, some were held virtually. These measures built on the success of the 2020 programme and enabled the Association to safeguard its major income streams. The Association is aware that trends towards school mergers and closures in the sector will have increased due to the continued financial impact of Covid 19 and smaller schools in particular may face significant financial challenges. Looking ahead, the principal risk to the Association remains a possible loss of membership through ongoing consolidation in the sector due to financial pressures. Given the financial uncertainty as a result of the pandemic and its consequences, a prudent approach is being taken to budgeting, modelling of future subscription and other income and staffing levels in the Association. At the same time, the investments made in a new website, together with an increased digital capacity and online presence, put the Association in a strong position to be flexible in delivering the highest quality services to members, who will need AGBIS support as never before.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

REPORT OF THE BOARD (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

OBJECTS AND PRINCIPAL ACTIVITIES

The object of the Association is the advancement of education in independent schools. The Association gives guidance to governing bodies, speaks for them on matters relating to the governance of independent schools and considers the relationship of their members to the general educational interest of the community.

VISION AND MISSION

AGBIS's vision is to be recognised as the authoritative voice on governance in independent schools.

Its mission has three main elements:

1. To be a visible source of top quality advice and training for all members of governing bodies of independent schools;
2. To support schools in achieving the best and most effective practice in school governance, both now and in the future;
3. To engage positively with all key stakeholders in promoting the principles of good governance.

PUBLIC BENEFIT

The Directors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

AGBIS has continued to provide public benefit in the following ways:

It has endeavoured to extend the number of member schools in order to enable a larger section of the public to benefit from its object, the advancement of education in independent schools. In 2021, five schools were admitted to membership and 12 schools left membership. The total number of members as at 31 December 2021 was 808; within this number were several groups of schools which share one governing body. Academies or free schools can be admitted as associate members provided that the Board is satisfied that the standard and quality of governance of the schools meets minimum defined criteria. The subscriptions charged continued to be set at a level which ensures that the aim to widen access is restricted as little as possible by schools' ability to pay. AGBIS actively encourages its member schools to take a proactive approach to their own public benefit activities and report these in accordance with Charity Commission guidance.

The AGBIS training materials, including the electronic learning course and the manual "Guidelines for Governors", are available to the public, including governors of non-member schools. The programme of electronic learning and training is available to members free and to non-members on payment of a modest fee. The "Guidelines for Governors" publication was updated in 2019 and 12 copies sent to each member school. In 2021 AGBIS continued to have discussions with the Department for Education (DfE) as to how the Association might make the experience and expertise of governors of its member schools available to governors of maintained sector schools, academies and free schools in particular. Although the Schools' Partnership Oversight Board has been in abeyance during 2021 due to ministerial changes and the impact of the pandemic, the AGBIS Chief Executive has continued to keep in close touch with the DfE on this and other relevant matters and attended several events and meetings with civil servants and/ or ministers, centred on partnership working. In line with the Joint Understanding agreed between the ISC and DfE in 2018, AGBIS continues to encourage member schools to share good practice and promote further development of independent/state school partnerships.

Following disclosures made on the website "Everyone's Invited" about sexual harassment and sexual violence in schools Ofsted undertook a 'Review of sexual abuse in schools' and issued a report. AGBIS worked in partnership with ISI to deliver three webinars focusing on the findings of the report, the new RSHE policy, and how to promote a positive school culture for all pupils. This webinar series was offered free of charge to member and non-member schools, for the benefit of governors across the whole sector.

In Autumn 2021 AGBIS and Farrer & Co published 'Towards an Equality, Diversity and Inclusion Strategy: A resource for Governors of Independent Schools'. The publication was produced to support governors in understanding equality, diversity and inclusion and helping them to embed fairer and more equal cultures within their school community. The document has been shared widely across the whole sector, to the benefit of all, without charge. The publication has been widely welcomed and well received.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

REPORT OF THE BOARD (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Review of Activities

The Association continued to provide advice and support to members across the spectrum of governance in close liaison with the other Associations which are members of the Independent Schools Council (ISC) and also with its affiliates: the Boarding Schools Association (BSA); the Council of British International Schools (COBIS); the Scottish Council of Independent Schools (SCIS); and the Welsh Independent Schools' Council (WISC). The Association ran a programme of 1 training seminar and 83 training webinars, including 34 jointly with other Associations, to keep governors informed of issues relating to all aspects of governance. These training events were attended by 4,701 governors (2020: 4,848). The AGBIS webinar programme includes the opportunity to access recordings, making the training programme more accessible to more governors with a wider (indeed unlimited) geographical reach. In addition, the Annual Conference in March, held virtually, attracted a total of 152 delegates representing 116 schools. Training sessions/strategy days were also arranged on request, in person or remotely, for 47 schools' governing bodies (22 in 2020), including requests for training from schools beyond the UK. Demand for reviews of governance was high with 17 provided for member schools in 2021 (2020:9), including several conducted remotely.

Throughout 2021 AGBIS provided a steady flow of electronic updates and newsletters for members, to keep them abreast of unfolding issues in schools, including the increase in employers' contributions to the Teachers' Pensions scheme, public examinations, and the responses to and impacts of Everyone's Invited and the subsequent Ofsted review. The Association has also provided free termly AGBIS Briefings, conducted in webinar style and taking the place of regional meetings; in addition, AGBIS hosted a free webinar briefing for schools in Scotland in partnership with SCIS. In 2021 the Association introduced free termly 'coffee and catch-up' sessions for Clerks and for Governors, conducted virtually in meeting style to allow members to network with peers and raise questions/topics for AGBIS to advise on.

The annual survey of the salaries and terms of employment of heads and bursars, which produces data on an historic, aggregated, anonymised basis, was undertaken in partnership with Baines Cutler Solutions and distributed free of charge to those schools which provided data.

The Association's manual "Guidelines for Governors" remains available electronically and is provided free of charge for all governors of AGBIS member schools.

In 2021 an ISC Inclusion and Diversity working group was set up. As part of this group the AGBIS Chair and Director of Training took the lead on developing resources to support the sector in this critical area. AGBIS, in partnership with Farrer & Co, published 'Towards an Equality, Diversity and Inclusion Strategy: A resource for Governors of Independent Schools'. The publication was produced to support governors in understanding equality, diversity and inclusion and helping them to embed fairer and more equal cultures within their school community. Following publication, in September 2021, events were held to develop this vital strand of work on behalf of members schools and the sector as a whole.

Following a review of staffing structures and future needs, in March 2021 the new role of Membership Support Administrator was created and Lauren Eveleigh was recruited to fill the post.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The net surplus before investment gains and losses for the year to 31 December 2021 was £24,573 (2020: deficit of £12,809). The reserves have been increased by an unrealised gain in the value of the investments of £27,387 (2020: loss of £27,737).

The uncertainty regarding restrictions and self-isolation requirements made setting and delivering the training programme challenging. In the light of these challenges, the Trustees believe that the financial outturn of a modest surplus represents a good performance.

Investment Powers, Policy and Performance

The Board has the power to make investments as it deems fit. During 2021, the Board reviewed the investment strategy and agreed an Investment Policy, the objective of which is to maintain the real value of the assets whilst generating a stable and sustainable return within an acceptable level of risk. Since the year end it has been agreed to place funds with investment managers Sarasin & Partners.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

REPORT OF THE BOARD (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

Reserves Policy

In common with other charities, the Association is expected to state its policy with regard to the accumulation of free reserves. Total reserves at the year-end were £412,153 (2020: £360,193). Free reserves at the year-end were £372,810 (2020: £299,952). It is considered that the current free reserves, which equate to approximately seven months of expenditure, are sufficient to meet all foreseeable contingencies, to enable the Association to operate comfortably and cope with any unexpected item of expenditure. The policy set by the Directors is that the reserves should be maintained at approximately six months expenditure.

The charity had no designated or restricted funds at the year-end and held £39,343 in fixed assets (2020: £60,241 held in fixed assets).

FUTURE PLANS

The AGBIS Board reviewed and agreed its strategy and future plans at an away day on 5 September 2019 and refined them further at a follow up meeting on 9 September 2021, after which a small working group was set up to advise on the next iteration of the strategy, bearing in mind the impact of the pandemic and other factors on the sector as a whole; it is due to report to the Board in the Spring of 2022. The current AGBIS strategy is to pursue its objects and to provide public benefit by the following means:

- Broaden the membership so that advice, support and training are available to a greater number of schools in an ISC Association and other schools that meet our membership criteria.
- Promote and distribute “Guidelines for Governors” by all possible means in order to raise awareness of the principles of good governance.
- Continue to provide prompt, informed and courteous advice to members by telephone, email, e-Alerts, e-Newsletters and regular AGBIS Briefings.
- Continue to expand the reach and hone the quality of the training and review programme, to reach more governors and deliver services even more effectively, including via video conferencing.
- Enable governors of member schools to access information more easily through greater and more effectively tailored use of digital/electronic communication, social media and the website.
- Continue to increase the amount and quality of information on governance available to members on the website.
- Promote better understanding among governors of regulation, particularly that relating to safeguarding children, and thereby to improve the rate of compliance across the sector.
- Support the Independent Schools Council in order to maintain a single voice for the independent schools’ sector.
- Continue to work ever more closely with colleagues in the other ISC constituent (and affiliated) Associations, including via joint webinar/ conference presentations, in order to enhance the recognition of AGBIS as the authoritative voice on governance across the whole sector.
- Continue to establish closer links with the Associations representing governors of maintained schools, including free schools and academies, to exchange knowledge and best practice in governance matters by, for example, supporting the ISC’s Joint Understanding and attending relevant meetings with officials from the Department for Education.
- Continue to contribute to discussions on the inspection of independent schools, in order to promote an inspection service which accurately assesses regulatory compliance and provides informed judgements for stakeholders, without imposing unreasonable demands on governors and senior staff.
- Continue to offer strategic partnership to the Independent Schools Inspectorate by providing a member to its Cross Association Inspection Meetings (CAIM) and also to engage with the strategic direction of the Boarding Schools Association by providing a Director to its Board.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

REPORT OF THE BOARD (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF RESPONSIBILITIES OF THE BOARD

The members of the Board (who are also Directors of AGBIS for the purposes of company law) are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year 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 charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make 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 business

The trustees 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.

So far as each of the Board members is aware at the time the report is approved:

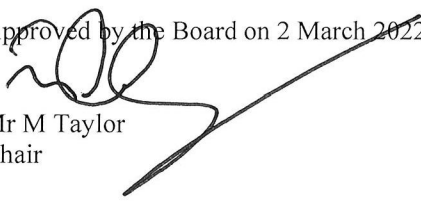
- there is no relevant audit information of which the company's auditors are unaware; and
- the Board members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In preparing this report, the trustees have taken advantage of the exemptions available to small companies and have not prepared a Strategic Report.

AUDITORS

A resolution regarding the appointment of auditors will be put to the Annual General Meeting. Haysmacintyre LLP have expressed their willingness to continue in office.

Approved by the Board on 2 March 2022 and signed on its behalf by:


Mr M Taylor
Chair

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

Opinion

We have audited the financial statements of the Association of Governing Bodies of Independent Schools for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Board (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Report of the Board has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Report of the Board and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charity law, employment law, health and safety regulations and GDPR, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the reporting requirements under the Charities SORP and FRS 102, the Companies Act 2006, the Charities Act 2011, VAT and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to improper recognition of income and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Review of minutes of trustees' meetings;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals based on risk profile; and
- Challenging assumptions and judgements made by management in their critical accounting estimates. These related to depreciation and the discount rate applied to the pension scheme liability.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

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 auditor's report.

Use of our report

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

Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC1R 4AG

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THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Total 2021 £	Total 2020 £
INCOME FROM:			
Charitable activities:			
Governors' Seminars and Webinars		94,774	104,324
AGM contributions		27,408	66,874
Training		128,462	71,615
Ancillary income		8,708	2,436
Donations and grants		456	9,517
Other trading activities:			
Subscriptions		368,015	355,531
Income from investments		6,606	5,816
		<u>634,429</u>	<u>616,113</u>
EXPENDITURE ON:			
Charitable activities	2	609,856	628,922
		<u>609,856</u>	<u>628,922</u>
Net income before investment gains/(losses)		24,573	(12,809)
Net gain/(loss) on investments	4	27,387	(27,737)
NET MOVEMENT IN FUNDS		51,960	(40,546)
Balance brought forward at 1 January 2021		360,193	400,739
Balance carried forward at 31 December 2021		<u>£412,153</u>	<u>£360,193</u>

All income and expenditure derives from continuing activities.

There were no recognised gains and losses other than those included above.

The accompanying notes form part of these accounts.

All activities in the current and prior year were unrestricted.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

BALANCE SHEET


COMPANY NUMBER: 5217162


FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible fixed assets	3	39,343	60,241
Investments	4	225,746	198,359
		<u>265,089</u>	<u>258,600</u>
CURRENT ASSETS			
Bank accounts		525,382	418,990
Debtors	5	135,827	117,877
		<u>661,209</u>	<u>536,867</u>
CURRENT LIABILITIES			
Creditors: amounts due within one year	6	(499,158)	(407,613)
NET CURRENT ASSETS		<u>162,051</u>	<u>129,254</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>427,140</u>	<u>387,854</u>
NON CURRENT LIABILITIES			
Pension liability	10	(14,987)	(27,661)
NET ASSETS		<u><u>£412,153</u></u>	<u><u>£360,193</u></u>
REPRESENTED BY			
UNRESTRICTED FUNDS:			
General Fund (including revaluation gain of £50,746 (2020: £23,359 gain))		<u><u>£412,153</u></u>	<u><u>£360,193</u></u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board on 2 March 2022 and were signed below on its behalf by:


Mr M Taylor
Chair


Ms S Phillips
Hon Treasurer

The accompanying notes form part of these accounts.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities:	a	101,641	(256)
Cash flows from investing activities:			
Investment income		6,606	5,816
Payments to acquire tangible fixed assets		(1,855)	(65,107)
Net cash provided by investing activities		4,751	(59,291)
Change in cash and cash equivalents in the reporting period		106,392	(59,547)
Cash and cash equivalents at the beginning of the reporting period		418,990	478,537
Cash and cash equivalents at the end of the reporting period		£525,382	£418,990

NOTE TO THE CASHFLOW STATEMENT

a	RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES	2021 £	2020 £	
	Net movement in funds	51,960	(40,546)	
	Investment income	(6,606)	(5,816)	
	Depreciation	22,753	6,283	
	Losses/(gains) on investments	(27,387)	27,737	
	(Increase) in debtors	(17,950)	(5,808)	
	Increase in creditors	78,871	17,894	
	Net cash from operating activities	£101,641	£(256)	
b	ANALYSIS OF CHANGES IN NET FUNDS			
	At start of year	Cash Flows	At end of year	
	Bank current accounts	37,834	1,386	39,220
	Bank deposit accounts	381,156	105,006	486,162
		£418,990	£106,392	£525,382

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

The accounts of the Association are prepared in accordance with the Statement of Recommended Practice for Charities (SORP) (Second Edition, effective 1 January 2019), the Companies Act 2006 and with FRS 102. The particular accounting policies adopted are described below. The financial statements are prepared in Pounds Sterling rounded to the nearest Pound. AGBIS meets the definition of a public benefit entity under FRS 102.

- a) Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).
- b) Income represents amounts receivable by the charity during the year for subscriptions, seminars and other services. Income is accounted for when it becomes receivable and its value can be estimated with reasonable certainty. Grant income from the Coronavirus Job Retention Scheme is recognised in the same period as the related employment costs are incurred.
- c) Expenditure is recognised in the period incurred and includes irrecoverable VAT. Governance costs include those costs incurred in carrying out the statutory and constitutional requirements of the charity. All costs are directly attributable to the headings under which they are shown.
- d) Tangible fixed assets and additions are stated at cost. Depreciation is provided at the following rates:

Computer equipment/software	33% straight line
Other equipment	25% straight line
- e) The Association is a registered charity and no taxation is payable on its charitable activities.
- f) The trustees have considered the impact of Covid-19 on the future viability of the Association. Having assessed risks and considered future budgets and cash flows, the trustees confirm that they have no material uncertainties about the Association's ability to continue as a going concern for the foreseeable future. The Association had reserves and investments to meet its needs.
- g) Contributions are made to a defined contribution scheme for staff. The contributions are charged to the Statement of Financial Activities when they become payable.

The charity also participates in the CARE scheme administered by The Pensions Trust. It is a funded multi-employer defined benefit scheme. The scheme was closed in 2018 and members were enrolled in other defined contribution schemes. As the charity has been notified of a deficit repayment plan by the pension scheme, the discounted present value of the deficit recovery plan are included in creditors.

- h) Investments are valued in the balance sheet at bid price at the balance sheet date. Realised and unrealised gains are accounted for within the Statement of Financial Activities.
- i) Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.
- j) The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.
- k) In preparing these financial statements, the trustees have made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods. The trustees consider that the critical estimates or judgements were depreciation and the discount rate applied to the pension scheme liability.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (Continued)

- l) Association of Governing Bodies of Independent Schools is a company limited by guarantee, registered in England and Wales (company number: 5217162). It is also a charity registered with the Charity Commission. Its registered address is: The Grange, 3 Codicote Road, Welwyn, Hertfordshire AL6 9LY. Details of AGBIS' operations and activities are contained in the Report of the Board.

2. EXPENDITURE ON CHARITABLE ACTIVITIES	2021 £	2020 £
Staff costs	428,141	448,350
Office expenses	63,308	60,686
Printing, postage and telephone	7,060	8,071
Meetings and travel	2,942	1,253
Governors' seminars	15,361	22,616
AGM expenses	1,000	41,906
Governance review costs	38,076	15,775
Professional fees	24,265	20,218
e-Learning courses	6,950	3,764
Depreciation	22,753	6,283
	<u>£609,856</u>	<u>£628,922</u>
<i>Governance costs (within professional fees) include</i>		
Auditor's remuneration		
- Audit	£6,100	£5,700
- Other services	£840	£810

3. FIXED ASSETS

	Office Equipment £	Computer Equipment/ Software £	Total £
COST			
At 1 January 2021	9,059	185,462	194,521
Additions	575	1,280	1,855
At 31 December 2021	<u>9,634</u>	<u>186,742</u>	<u>196,376</u>
DEPRECIATION			
At 1 January 2021	8,857	125,423	134,280
Charge for the year	334	22,419	22,753
At 31 December 2021	<u>9,191</u>	<u>147,842</u>	<u>157,033</u>
NET BOOK VALUE			
At 31 December 2021	<u>£443</u>	<u>£38,900</u>	<u>£39,343</u>
At 31 December 2020	<u>£202</u>	<u>£60,039</u>	<u>£60,241</u>

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

4.	INVESTMENTS	2021 £	2020 £
	Market value at 1 January 2021	198,359	226,096
	Net investment gains/(losses)	27,387	(27,737)
		<u>£225,746</u>	<u>£198,359</u>
	Market value at 31 December 2021	<u>£225,746</u>	<u>£198,359</u>
	Historical cost at 31 December 2021	<u>£175,000</u>	<u>£175,000</u>
	The investment is held in CAF UK Equitrack Fund units.		
5.	DEBTORS	2021 £	2020 £
	Other debtors	119,556	100,830
	Prepayments and accrued income	16,271	17,047
		<u>£135,827</u>	<u>£117,877</u>
6.	CREDITORS	2021 £	2020 £
	Other creditors and accruals	41,827	36,707
	Subscriptions in advance	405,770	365,911
	Other fees and contributions in advance	48,520	1,375
	Pension scheme liability (note 10)	3,041	3,620
		<u>£499,158</u>	<u>£407,613</u>
	Deferred income at 1 January 2021		£367,286
	Amounts released from previous years		(367,286)
	Resources deferred during the year		454,290
	Deferred income at 31 December 2021		<u>£454,290</u>

Deferred income relates to subscriptions, seminar fees, AGM sponsorship and contributions received in advance.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

7. STAFF COSTS

	2021 £	2020 £
Salaries	382,773	382,258
Social security	36,172	39,725
Movements in pension scheme liability	(10,000)	(2,855)
Other pension costs	19,196	17,767
Redundancy costs	-	11,455
	<u>£428,141</u>	<u>£448,350</u>

One employee had remuneration between £70,000 and £80,000 and one employee had remuneration between £130,000 and £140,000 in the year (2020: One employee had remuneration between £70,000 and £80,000 and one employee had remuneration between £120,000 and £130,000 in the year).

The average number of employees analysed by function was:

	2021 No.	2020 No.
Chief Executive	1	1
Full time employees	3	3
Part time employees	3	3
	<u>7</u>	<u>7</u>

The total remuneration, benefits and pensions paid to the key management personnel in the year was £306,176 for three employees (2020: £301,814 for three employees).

During the year £548 (2020: £482) was reimbursed to 3 trustees (2020: 3) for travel expenses.

In accordance with the charity's Memorandum and Articles of Association, Directors are eligible to receive reasonable and proper payment for any services rendered to the charity:

- Sam Coutinho conducted a risk management series of webinars, for which she was paid £2,587.50 (this was a year-end accrual balance)
- Paul Dillon-Robinson conducted two reviews of governance at member schools, for which he was paid £2,500;
- Pamela Edmonds conducted one review of governance at a member school, for which she was paid £1,250
- David Taylor conducted four reviews of governance at member schools, for which he was paid £5,000; and
- Nigel Taylor conducted one review of governance at a member school, for which he was paid £1,250.

All of the above are Board members.

No further payments were made to, or on behalf of, Board members.

8. RELATED PARTIES

The Association is controlled by the Board members. In addition, the Chair and the Chief Executive were directors of the Independent Schools Council (ISC), of which AGBIS is a member. There were no other related party transactions during the year.

9. OPERATING LEASES

The total of future minimum lease payments under non-cancellable operating leases which the Association was committed to make at the balance sheet date in respect of operating lease for each of the following periods were as follows:

	Land and buildings		Office equipment	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	6,375	8,500	-	-
Later than 1 year and not later than 5 years	-	6,375	-	-
	<u>6,375</u>	<u>14,875</u>	<u>-</u>	<u>-</u>

The total of lease payments recognised as an expense in the year was £8,500 (2020: £10,535).

10. PENSIONS

AGBIS participates in the CARE Scheme (the 'Scheme') administered by The Pensions Trust. It is a funded multi-employer defined benefit scheme.

The main benefits provided by the Scheme are a pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-out of the State scheme.

Contributions from 1 July 2015

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 22.8% per annum of member's earnings less member contributions.

In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between members and employers, as long as the maximum member contribution rates are $[(age / 10) + 3.5] \%$ (one-eightieth structure). For reference, the total FSCRs from 1 July 2015 are 22.8% (one-eightieth structure).

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.3% to reflect the higher costs of a closed arrangement.

At 31 March 2018, the CARE scheme closed. At the date of closure, AGBIS had two members enrolled in the CARE scheme. Both individuals have been enrolled in other defined contribution schemes. The deficit recovery plan remains in place. Prior to closure, the employer paid contributions at the rate of 10% for members in the one-eightieth structure.

Actuarial Valuation

The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 102 represents the employer contribution payable and other movements in the pension scheme liability.

The last formal valuation of the Scheme was performed as at 30 September 2019 by a professionally qualified actuary using the 'projected unit' method. The market value of the Scheme's assets at the valuation date was £79.0 million. The valuation revealed a deficit of assets compared to liabilities of £14.8 million, equivalent to a past service funding level of 84%.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

10. PENSIONS (continued)

Actuarial Valuation (continued)

The financial assumptions underlying the valuation as at 30 September 2019 were as follows:

	% p.a.
Gilt yield	0.92
Market implied inflation rate	3.15
Pre retirement discount rate	Normal gilt yield curve plus 0.5% pa at each term
Post retirement discount rate	Normal gilt yield curve plus 0.5% pa at each term
Rate of price inflation (RPI)	Gilt inflation curve at each term
Rate of price inflation (CPI)	RPI inflation less 1.0% pa at each term
Return on assets over deficit recovery period	0.35

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

An existing recovery plan is in place. Under this plan, AGBIS' share of the deficit contributions is £3,540 per annum, payable in monthly instalments of £295. In addition AGBIS is liable to pay scheme expenses of £391 per year, payable in monthly instalments of £33. The payments are due until 30 November 2028 and will increase by 3% each April.

Employer 'Debt on Withdrawal'

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt on withdrawal for AGBIS, as at 30 September 2020, is £83,851

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore, includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can be volatile over time.

THE ASSOCIATION OF GOVERNING BODIES OF INDEPENDENT SCHOOLS

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

10. PENSIONS (continued)

Reconciliation of provision

	£
Provision at start of accounting period	31,281
Decrease in contribution rates	(100)
Provision utilised	(3,460)
Remeasurement – amendments to contribution schedule	(9,693)
	<u>18,028</u>
Provision at end of accounting period	<u>18,028</u>

The liability is repayable in instalments falling due as follows:

	2021 £	2020 £
In less than one year	3,041	3,620
In one to two years	3,088	3,713
In two to five years	9,557	11,723
In greater than five years	2,342	12,225
	<u>18,028</u>	<u>£31,281</u>