

Registered number: 09038149
Charity number: 1157782

The Prebendal School
(A company limited by guarantee)

Trustees' report and audited financial statements
for the year ended 31 August 2020

The Prebendal School
(A company limited by guarantee)

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**Reference and administrative details of the charity, its Governors and advisers
for the year ended 31 August 2020**

Governors

The Reverend Canon N T Schofield MA (Hons) PGCE (resigned 5 June 2020)
The Reverend Canon Dr D D Inman (appointed 13 March 2020)
The Very Reverend S J Waine BA (Hons)
The Very Reverend J R Hall KCVO FSA FCIS (appointed 13 March 2020)
MR J F Attwater MA (Hons) PGCE
Mrs R C Pexton BA (Hons) CTA
Mr M P Camps LIB (Hons)
Mr D T Oliver BA (Hons) MPhil
Mrs Y Thomson BA (Hons) MPhil
Mr A Wilkinson MA (Hons)
Mr M N J Geake BA (Hons) PGCE ACMA CGMA
Mrs E Cooke BEd Adv. Dip. ECFN (appointed 12 November 2019, resigned 10 July 2021)

Company registered number

09038149

Charity registered number

1157782

Registered office

The Prebendal School, 54 West Street, Chichester, West Sussex, PO19 1RT

Company secretary

Mr M Chapman MA MBA

Key management personnel

Mrs L Salmond Smith BA Hons MMus PG (QTS) MBA FRSA, Head
Mr M Chapman MA MBA Bursar
Mr T Bromfield MA BEd, Director of studies and Deputy Head Academic
Mr I Richardson BMus FTCL ARCO, Deputy Head Pastoral

Independent auditors

Kreston Reeves LLP, 9 Donnington Park, 85 Birdham Road, Chichester, West Sussex, PO20 7AJ

Bankers

Natwest Bank, 5 East Street, Chichester, West Sussex, PO20 7AJ

Solicitors

Knights plc, 26 Orient Way, Pride Park, Derby, Derbyshire, DE24 8BY

Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol, BS1 4QA

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Governors' report
for the year ended 31 August 2020

The Governors of the School, as the trustees of the charity and directors of the company, are pleased to present their annual report together with the financial statements of the charity for the year ending 31 August 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Charities Accounts Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Since the charity qualifies as small under section 382, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

The COVID-19 pandemic and government lockdown at the end of the Lent Term 2020 required unprecedented measures in order to maintain the School's high standards of operational performance. Governors and staff reacted swiftly and creatively and the School's strong IT capability meant that it was very well placed to enable effective remote teaching and learning. The School also reacted quickly to the financial challenges by reducing operating costs and drawing on the support of the Government's furlough scheme and a large part of the savings were passed through to parents.

Objectives and activities

● **Policies and objectives**

The objects of the School as defined in its Articles of Association are for the benefit of the public to provide for the advancement of education by the provision of a boarding and/or day school or schools for the education of children of all genders and to advance the education of the choristers of Chichester Cathedral by providing the facilities for their education up to and including age 13.

The aim of the School is to foster the academic, physical, spiritual, moral and social development of children in a happy, caring and safe environment. This is done by providing a high quality education with a broad and varied curriculum. The School educates, among others, the boys of the Chichester Cathedral Choir. The Choristers are supported financially to ensure that these places are open to all, regardless of the ability to pay.

The School provided education for an average of 133 pupils over the three terms of the academic session 2019-20. There were 23 weekly or full boarders across the Michaelmas and Lent terms, with none in the Summer term (due to Covid restrictions) with many other pupils taking advantage of flexi boarding and the School's evening activities.

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Governors' report (continued)
for the year ended 31 August 2020

Objectives and activities (continued)

- **Main activities undertaken to further the charity's purposes for the public benefit**

Bursaries and Scholarships

The Prebendal School is a fee charging school. The Governors recognise however that it is important to make education available to all, including those unable to pay the fees or for those current pupils where a change in family circumstances would compromise their ability to remain at the School. Accordingly, they provide financial support to pupils through a means tested bursary scheme and a number of non means tested fee remissions. The availability of financial support is publicised by way of the charity's website, in local media and in the application packs for entry to the School.

Relief to Families

It is an important principle for the School that the benefits of a Prebendal education should not be restricted solely to those who can pay the full cost. During 2019/20, 16 places in the School were taken by Choristers of Chichester Cathedral, for whom at least 50% of the School fees were paid by church funds or other grants. In addition, financial assistance was given by the School to 44 pupils by means of scholarships and bursaries. A total of £201,537 was granted in this way during 2019-20 (2018-19: £244,564), representing 12.7% of gross fee income. The aim of the scholarships is to recognise and encourage children with a high potential. A total of 30 pupils received bursaries amounting to £166,530 (10.5% of gross fee income) that were determined by financial need. That said, the School is funded entirely by fees and therefore has to fill most of its places with pupils for whom the full amount is paid.

The range of bursary awards is as follows:

0 - 20%	6 beneficiaries
21 - 30%	7 beneficiaries
31 - 40%	2 beneficiaries
> 40%	15 beneficiaries

Those wishing to be considered for bursary support are required to complete a Bursary Application giving full details of their financial situation, supported by original documents. Bursary remission on fees is assessed according to the parents' or guardians' ability to pay full fees and the availability of bursary funds to the School. Bursary awards are subject to an annual review, usually in the Lent term.

Non-means tested fee remissions

Academic, sport, art and music scholarships have been historically awarded following competitive assessment prior to entry to the School and are based on outstanding achievement and potential. Awards are set at between 10% – 50% of the full fee and usually continue for the remainder of the duration of the pupil's education at the School. The value of Scholarships in 2019-20 was £36,417 awarded to 25 pupils.

Other forms of non-means tested assistance were also awarded during the academic year, including sibling and former pupil discounts. In total these awards were made to 21 pupils and amounted to £35,007.

Volunteers

Members of the Board of Governors did not receive any payment for the work they carried out for the charity in the year ending 31 August 2020. In addition, a large number of parents and former pupils gave their time voluntarily in assisting the School with the supervision of excursions and extra curricular sporting activities.

Contribution to the local community

The School made its facilities available to choirs and musicians visiting Chichester during the Chorister vacations, though due to Covid restrictions activity was limited after March 2020. A number of local organisations made use of the sports fields and facilities. Together with the Cathedral, afternoon opportunities have been

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Governors' report (continued)
for the year ended 31 August 2020

Objectives and activities (continued)

provided for local children to sing with the Cathedral Choir and explore the life of a Chorister, and this continues to attract a number of children from outside the School. Our pupils continue to be very involved in the life of the local community and school music groups have played at local functions and sung carols in the city centre to help raise money for local charities.

Support for local schools

In addition to the main school activity the School has continued to foster relationships with the community. For example, the School makes available its sports facilities to a number of community groups including Whyke Youth Football Club and the school hall is used by a local ballet group every Saturday.

Fundraising within the School

Pupils, staff and parents consistently raise many thousands of pounds each year for other charities. These are chosen and voted upon by the senior pupils in the School who in turn arrange various fund raising events for their chosen charities. Representatives from the charities are invited to receive the donations and will also give particular feedback in assembly on how the money will be used.

The Prebendal School recognises the vital contribution made by its supporters, with voluntary donations being a valuable part of the trust's incoming resources.

We believe that giving to charity should be a positive experience, and to help ensure that this is the case we acknowledge the damaging impact an excessively aggressive approach to fundraising can have on vulnerable people, whether from unreasonably persistent approaches being made or undue pressure to give being applied, and great care is undertaken to ensure that such practices are not adopted by the trust. To this end, all fundraising activity is carried out by our Parent Teacher Association. This group raises money for the School through regular activities such as school fairs, discos, film and quiz nights. All of these events are voluntary and advertised in a non-intrusive manner.

The School does not utilise the services of any external commercial fundraisers. At this point, given that the majority of the School's donations are from pupils' parents and carers, the trustees do not consider it necessary to subscribe to a Fundraising Regulator.

The School welcomes feedback on its fundraising approach and seeks to make improvements wherever it can. Any complaints received in respect of our fundraising activities are taken very seriously and are acted upon immediately. We are pleased to report that during the year no complaints were received in respect of our fundraising activity.

The Governors have had regard to the Charity Commission's guidance on public benefit.

Achievements and performance

● **Academic progress**

The School continues to offer a broad education, aiming to produce all round excellence. Academic performance and the links with Chichester Cathedral are at the heart of the School's offer, but these aspects are successfully coupled to sport, music, drama, co curricular activities, community service and related school trips. The Governors expect the Head to provide an environment that has a strong pastoral ethos, rooted in Christian values. Much attention is given to the development of a family atmosphere and the helping of each boy and girl to develop his or her full potential.

The nave of the Cathedral is used as the school hall for assemblies twice a week, and for services to celebrate major feast days, Confirmation and Founders Day, as well as for musical concerts and other major events. All such gatherings in the Cathedral are open to parents and indeed to members of the public.

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Governors' report (continued)
for the year ended 31 August 2020

Achievements and performance (continued)

From Year 6, pupils follow the Common Entrance curriculum underpinned by the Pre-Senior Baccalaureate (PSB) core skills of Thinking and Learning, Reviewing and Improving, Communicating, Collaboration and Leadership. The PSB encourages strong partnerships between parents and schools to promote an understanding of how each individual child learns. Alongside a grading system for academic study there is one for the core skills, and this is monitored through a tutorial system focused on individual personal development, as well as the vertical structure within houses. Tutors meet regularly with children in their groups and also hold 1:1 meetings when they go through all aspects of school life and the development of an individual's academic and extra-curricular profile. The aim is to ensure that by the time pupils leave Prebendal they will have developed a secure understanding of how they learn, gained independent and collaborative learning skills and experienced leadership.

The Prebendal Extended Project (PEP) is part of the PSB, enabling pupils to focus on the joy of discovering and investigating things for themselves. A pupil's choice of topic is relatively free within the boundaries of Humanities and Languages, but they must show that it is academically useful. Extended projects help students to develop and demonstrate a range of valuable skills through pursuing their interests and investigating topics in more depth. The issues pupils choose may be of a social, political, ethical or philosophical character and will be explored in greater depth than might be achieved with an essay. A PEP may take the shape of a field study or investigation, cultivating research and analysis techniques and fostering a love for a subject area.

Part of the Y6-8 Curriculum is "Quadrivium", a programme of academic excellence. We support pupils who want to really push the boundaries of their knowledge, critical and interdisciplinary thinking, philosophy and high-order questioning skills. Once each week, pupils are grouped vertically and challenged with sessions appropriate to their stage. These sessions, which may be led by staff, parents or colleagues from a senior school, will be designed to broaden their perspectives, raise aspirations, and encourage them to think and articulate their ideas. Sometimes these sessions consist of a particular challenge or problem to solve. Parents who wish to come and speak to the children about their careers, or any topic about which they are particularly knowledgeable, will be warmly encouraged to share their experiences with pupils.

The School benefits from grounds with plenty of space, as well as benefiting from its city centre location. A sizeable outdoor classroom area enhances the curriculum across all year groups.

As Covid restrictions came into force, the School's strong IT capability meant that it was very well placed to quickly enable effective remote teaching and learning. Teachers quickly adapted to the chosen software platforms and rapidly built their online curriculums, and families were supported with online access as required. Consequently, remote teaching and learning was used very successfully to deliver the curriculum to pupils. In addition, and to support key-worker parents, the School offered on-site provision throughout the lockdown period. Feedback from staff and parents regarding the effectiveness of remote learning and COVID-19 safe measures in delivering the curriculum and providing wider support was extremely positive.

During the year to March 2020, Beach School continued for all the children in the Pre prep (Nursery – Year 2). The quality and experience of learning has been deepened through this initiative, as well as helping children to develop many skills aiding their personal development.

The School achieved 'Highly-Commended' in the Pre-Prep category of the Independent Schools of the Year 2018 and has been shortlisted for 2021.

Around 20 different clubs and activities are available for pupils. The range runs from sports such as dinghy sailing and horse riding, to 'learned societies' such as the Science Club and life skills such as gardening, forestry and touch typing.

Drama is a strength. There are a variety of productions throughout the year at all levels of the School, and success in the LAMDA exams is enjoyed each year. Pupils are encouraged to speak in public by regularly reading out match reports in assembly, reading in cathedral, or participating in public speaking competitions.

Results in Common Entrance and Scholarship examinations at the end of the 2019 20 academic year were

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Governors' report (continued)
for the year ended 31 August 2020

Achievements and performance (continued)

highly successful. Scholarships to senior schools were awarded for academic excellence; others were for ability in music, art, sport or a combination of these, giving testament to the breadth and quality of the education at Prebendal. In the past five years, over 64 scholarships have been won by Prebendal pupils to many different schools.

Sport plays a very important role in school life and with the majority of teams performing to a high standard in both boys and girls sports. Many of the children take part in the County Athletics Competition with a number becoming County Champions and then taking part in National Championships.

This year was the second in which the School's Nursery provision ran for 46 weeks of the year rather than just during term time. This change has been a successful one and attendance continues to grow.

Financial review

● **Financial review**

The School sustained a loss during the year of £209,456 which resulted in a reduced year end cash and net asset position. The main source of income for the charity continues to be the fee income charged for the provision of education. The charity considered the fee levels charged and in the light of the broader challenges presented by the Covid pandemic, decided not to raise them for the next school year.

The School took advantage of the Government's Coronavirus Support by drawing £109,799 through the Job Retention Scheme, successfully applying for a Bounce Back Loan of £50,000 and by receiving a rates grant of £10,000. A large proportion of operational cost savings were passed on to parents in recognition of the reduced activities offered by the School during the lockdown periods.

The main expenditure of the School is that of staff salaries which account for 63% of expenditure. The professional staff are key to the ongoing success of the School and the Governors continue to seek, develop and retain teaching staff of the highest quality. The successful response to the Covid restrictions show the effectiveness of this approach.

The Governors regularly review the bursary provision available and remain committed to ensuring a high number of pupils benefit from an education at the School. However the School has no separately designated bursary fund and costs are met from operational income.

Following a period of consultation, the School reached an agreement with teaching staff to exit the Teachers' Pension Scheme (TPS) during the year, with alternate defined contribution arrangements put in place effective from August 2020.

The Governors also recognise the importance of continued investment in its facilities to ensure that the School remains at the forefront of education provision in the area and this includes a programme of repairs and maintenance to existing facilities commensurate with the age and historic nature of the School's buildings.

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Governors' report (continued)
for the year ended 31 August 2020

● **Principal risks and uncertainties**

There is a formal Strategic Risk Management Policy and a written table of Strategic Risks. These are reviewed annually, but Governors are aware that risk management is a dynamic process and new risks need to be noted and considered as they arise. The Governors are satisfied that strategic risks have been adequately mitigated where necessary, but recognise that systems can only provide reasonable, not absolute, assurance that all risks have been identified and managed.

The main source of revenue for the School is fee income. The Coronavirus pandemic has made future fee and other revenue streams less certain and in the short term the School needs external financial support to secure its future. Towards the end of the 2020/21 academic year, and therefore after the end of the period covered by these accounts, the Governors reached an agreement with Alpha Schools (Holdings) Limited for the operational control and financial support of the School. Alpha are a highly experienced operator within the education sector and will use their experience to make operational and financial changes to the School to lift both pupil numbers and profitability and make sure the School is viable for the future. For this reason, the School remains on a sound financial footing as all deficits are being covered by them whilst the School's reserves are being restored.

Maintaining the quality of the School buildings is important to facilitate the delivery of a high standard of education. There is a risk that additional or unexpected repair work will be required which might impact this delivery. Full insurance is in place and the School continues to undertake annual repairs and maintenance to mitigate the risk of substantial repairs.

There are financial risks arising from the availability of liquid funds. The Bursar's office ensures that debtors are closely managed and where possible aims to receive fees in advance to improve the position. The School has not needed to use its overdraft facility which was renewed at the same level for the year. It does have a term bank loan, which is adequately secured on the value of the School's assets and there is no reason to expect that the covenants will be breached in the foreseeable future.

As regards non financial risks, the health and safety of the pupils is paramount and any potential breach of procedures would be a principal risk. To mitigate this, the Governors have developed policies to ensure the regulations and guidelines for the welfare of pupils are observed.

● **Investment policy and performance**

The School has limited investments. During the year it sold its holdings of the M & G Equity Fund for Charities valued at £47,218. The School continues to be the remainderman of the Mrs WE Shoesmith MBE Will Trust subject to the interest of Mr W Sprunt currently to the approximate value of £135,000.

● **Reserves policy**

The reserves of the School are represented by the unrestricted and restricted funds as shown in note 17. The total funds held by the School at the end of the year are £710,504, which other than balances set aside for restricted activity, is available for general use, including £720,958 represented by tangible fixed assets less the bank loans. Free reserves, as defined as unrestricted funds less amounts only released by disposing of fixed assets, therefore represented a deficit of £442,346 (2019: £260,466).

There are no material amounts committed for expenditure at the end of the financial year. The continuing obligations for a repair and maintenance programme are scheduled into the current and future years' budgets to be met from future income.

Any funds surplus to ongoing operational cash flow requirements are invested in low risk "qualifying investments". The Governing Body's reserves policy has two objectives. The first is to retain sufficient reserves to meet contingencies and for this the target is a sum equating to one month's operating costs; this has been broadly achieved. The second objective is to build reserves to meet specific capital projects. This year's financial performance has not permitted such reserves to be increased.

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Governors' report (continued)
for the year ended 31 August 2020

● **Going concern**

The Governors have assessed whether the use of the going concern basis is appropriate for the preparation of the financial statements and have made this assessment for a period of at least one year from the date of their authorisation. The agreement reached towards the end of the 2020/21 academic year with Alpha Schools is expected to deliver operational and financial changes to the School which will lift both pupil numbers and profitability and make sure the School is viable for the future. For this reason, the School remains on a sound financial footing as all deficits are being covered by them whilst the School's reserves are being restored.

In 2020 the Coronavirus pandemic caused a reduction in certain of the School's incomes streams and gave rise to some uncertainty as regards future pupil numbers and fee levels. The economic outlook is now improving, but the Governors have nevertheless taken measures to reduce costs, including reducing the number of staff employed, to position the School for its development under the agreement with Alpha Schools.

Structure, governance and management

● **Constitution**

The Prebendal School Limited is a company limited by guarantee governed by its Memorandum and Articles of Association, which took effect from 1st September 2016 when the School became an incorporated charity with registered company number 09038149. It is a registered charity with the Charity Commission, charity number 1157782.

● **Methods of appointment or election of Governors**

As noted, the Governors act as the trustees for the charitable activities of the School, and are also the Directors of the charitable company for the purposes of Company Law. There is a written policy which lays down the procedure for the appointment and induction of Governors. Effort is made to appoint Governors from a range of backgrounds including the church, education, finance, business, administration and other areas. There is a written analysis of the skills and backgrounds of the members of the Board and agreed priorities in the search for candidates for future appointment with areas of expertise considered in Education, Finance, Child Welfare, Human Resources, Legal and Estates Management.

The Governors are elected at a full board meeting and approved by the process laid down in the Articles of Association. They can be re elected.

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Governors' report (continued)
for the year ended 31 August 2020

Structure, governance and management (continued)

• **Organisational structure and decision-making policies**

During the year, the Governors determined the policy of the School and the day to day management was delegated to the Senior Management Team which comprised the Head, two Deputy Heads and Bursar.

The Board of Governors met each per term to consider matters of policy and strategy. There were also the following committees, each of which is chaired by a Governor and whose membership is drawn from the Governors and appropriate members of staff. These have defined terms of reference and report to the full board:

- A Finance and General Purposes Committee, which also serves as the Strategic Risk Management Committee
- An Education Committee
- A Pastoral and Safety Committee (one Governor is nominated to take the lead on Safeguarding)
- A Bursaries Committee
- A Business Development Committee (to consider the future development of the school)

The School is affiliated with The Independent Association of Prep Schools which represents and promotes around 650 independent preparatory schools. This relationship allows the School access to advice about educational development and legislative changes. This does not impact on the general operating policies of the School but can inform the overall strategic direction.

• **Policies adopted for the induction and training of Governors**

On appointment, Governors undertake an induction process. They are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the board structure, committees and decision making processes, the business plan and recent financial and academic performance of the School. During visits to the School, they are encouraged to meet key employees and attend School events, INSET days and other appropriate training opportunities such as events run by external organisations.

• **Pay policy for senior staff**

The School operates banded salary ranges for all staff including senior staff. The banded ranges are benchmarked against those of other independent schools and the maintained school sector. This allows the School to remain an attractive employer in the independent school sector.

The bands are reviewed annually and generally an inflationary increase is applied. This is dependent upon the financial success of the School and also increases being offered in similar schools. Progression within the bands is based upon performance for all levels of staff.

• **Related party relationships**

None of the Governors receives remuneration or other benefit from their work with the charity. Any contractual relationship must be disclosed and notes of interest are retained in written form.

Occasionally, Governors have children attending the School. Generally this does not affect their capability to make independent and fair decisions but if there is a specific situation where there may be a conflict of interests, Governors will remove themselves from meetings.

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Governors' report (continued)
for the year ended 31 August 2020

Structure, governance and management (continued)

• **Risk management**

The Governors have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review, (now the responsibility of Alpha Schools); and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Statement of Governors' responsibilities

The Governors (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Governors' 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 . Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 charity will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by order of the members of the board of Governors on September 14th, 2021 and signed on their behalf by:



The Very Reverend S Waite
Governor

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Independent auditors' report to the Members of The Prebendal School

Opinion

We have audited the financial statements of The Prebendal School (the 'charitable company') for the Year ended 31 August 2020 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 charitable company's affairs as at 31 August 2020 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 Charities Act 2011.

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 charitable company 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

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

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

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Independent auditors' report to the Members of The Prebendal School (continued)

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Governors' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the Governors are responsible for assessing the 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 Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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Independent auditors' report to the Members of The Prebendal School (continued)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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 charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP

9 Donnington Park

Chichester

West Sussex

PO20 7AJ

Date: **16 September 2021**

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

The Prebendal School
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 August 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	2	6,686	-	6,686	600
Charitable activities	3	1,583,736	-	1,583,736	1,849,724
Investments	4	1,257	-	1,257	374
Other income	5	271,797	-	271,797	27,851
Total income		1,863,476	-	1,863,476	1,878,549
Expenditure on:					
Charitable activities	6	2,064,930	-	2,064,930	2,009,337
Total expenditure		2,064,930	-	2,064,930	2,009,337
Net (losses)/gains on investments		(8,002)	-	(8,002)	902
Net expenditure		(209,456)	-	(209,456)	(129,886)
Transfers between funds	16	10,310	(10,310)	-	-
Net movement in funds		(199,146)	(10,310)	(209,456)	(129,886)
Reconciliation of funds:					
Total funds brought forward		883,674	36,286	919,960	1,049,846
Net movement in funds		(199,146)	(10,310)	(209,456)	(129,886)
Total funds carried forward		684,528	25,976	710,504	919,960

The Statement of financial activities includes all gains and losses recognised in the Year.

The notes on pages 18 to 38 form part of these financial statements.

The Prebendal School
(A company limited by guarantee)
Registered number: 09038149

Balance sheet
as at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	1,126,874	1,144,140
		<u>1,126,874</u>	<u>1,144,140</u>
Current assets			
Stocks	11	1,136	104
Debtors	12	194,592	192,382
Investments	13	-	55,220
Cash at bank and in hand		90,386	235,011
		<u>286,114</u>	<u>482,717</u>
Creditors: amounts falling due within one year	14	(308,912)	(360,659)
Net current liabilities / assets		<u>(22,798)</u>	<u>122,058</u>
Total assets less current liabilities		<u>1,104,076</u>	<u>1,266,198</u>
Creditors: amounts falling due after more than one year	15	(393,572)	(346,238)
Net assets excluding pension asset		<u>710,504</u>	<u>919,960</u>
Total net assets		<u><u>710,504</u></u>	<u><u>919,960</u></u>
Charity funds			
Restricted funds	16	25,976	36,286
Unrestricted funds	16	684,528	883,674
Total funds		<u><u>710,504</u></u>	<u><u>919,960</u></u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the Year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

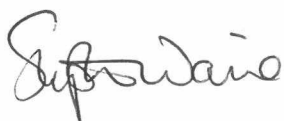
The Prebendal School
(A company limited by guarantee)
Registered number: 09038149

Balance sheet (continued)
as at 31 August 2020

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Governors on September 14th 2021 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'S J Waine', written in a cursive style.

The Very Reverend S J Waine

The notes on pages 18 to 38 form part of these financial statements.

The Prebendal School
(A company limited by guarantee)

Statement of cash flows
for the year ended 31 August 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	(171,741)	(45,239)
Cash flows from investing activities		
Dividends, interests and rents from investments	1,257	5,932
Proceeds from the sale of tangible fixed assets	1,408	4,900
Purchase of tangible fixed assets	(63,629)	(26,626)
Proceeds from sale of investments	47,219	-
Net cash used in investing activities	(13,745)	(15,794)
Cash flows from financing activities		
Repayments of borrowing	51,142	(16,025)
Interest paid	(10,280)	(13,484)
Net cash provided by/(used in) financing activities	40,862	(29,509)
Change in cash and cash equivalents in the Year	(144,624)	(90,542)
Cash and cash equivalents at the beginning of the Year	235,011	325,553
Cash and cash equivalents at the end of the Year	90,387	235,011

The notes on pages 18 to 38 form part of these financial statements

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The charity is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

1.2 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.

During the financial year to 31 August 2020 the school made a deficit of £209,456; after allowing for non cash items such as depreciation the underlying cash deficit was £144,667.

Following the year end the UK and global Coronavirus pandemic has meant a reduction in certain income streams for the school and gives rise to some uncertainty with regard to ongoing pupil numbers and fee levels. The resulting economic outlook is likely to lead to increased instances of parents no longer being able to afford school fees. Despite cost saving and cash flow responses including staff restructuring and the deferral of payroll taxes, the latest financial forecasts show that the school will require external financial support in order to fund working capital for the next twelve months and beyond. With the support of the governing body, the head teacher continues to market to potential new families who may be attracted by an agile and flexible independent offer when comparing the school with a child's existing educational setting given prevailing COVID-19 limitations.

The agreement reached towards the end of the 2020/21 academic year with Alpha Schools is expected to deliver operational and financial changes to the School which will lift both pupil numbers and profitability and make sure the School is viable for the future. Alpha Schools has undertaken to provide £1 million of working capital support until December 2023. For this reason, the School remains on a sound financial footing as all deficits are being covered by them whilst the School's reserves are being restored. Therefore the financial statements have been prepared on the going concern basis and do not include the adjustments that would result if the company was unable to continue as a going concern. If this assumption proves to be inappropriate, then adjustments may have to be made to adjust the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets. This would include significant upward revaluation of land and buildings which within these financial statements are carried under the historic cost convention at £1.1m. The land and buildings are valued for insurance purposes at circa £12.1m as discussed in note 10.

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

1. Accounting policies (continued)

1.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the charity, can be reliably measured.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the charity's accounting policies.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

1. Accounting policies (continued)

1.4 Expenditure

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

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following bases:

Freehold property - buildings on freehold land	- nil - 2% straight line
Buildings on leasehold land	- 5% straight line
Refurbishment costs	- 10% straight line
Motor vehicles	- 20% straight line
General equipment	- 20% straight line
Computer equipment	- 33% straight line
Piano	- 10% straight line

1.6 Interest receivable

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

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

1. Accounting policies (continued)

1.8 Stocks

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

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 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.

1.11 Liabilities and provisions

Liabilities 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 charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

1.12 Financial instruments

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

1.13 Long-term employment and termination benefits

Termination benefits are recognised when they become committed, by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Termination payments do not provide the company with future economic benefits therefore it is their policy to recognise them as an expense in profit or loss immediately.

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

1. Accounting policies (continued)

1.14 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the charity. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.15 Pensions

Retirement benefits for teaching employees of the school are provided under the Teachers Pension Scheme (TPS) which is a final salary scheme. There was a similar scheme available under the Church of England Defined Benefits Scheme for administrative employees. Furthermore, the School operates a stakeholder pension scheme for other employees. Contributions for all these schemes are charged to the Statement of Financial Activities in the year in which they are payable. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

1.16 Fund accounting

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	6,686	6,686	600
Total 2019	600	600	

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

3. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Fee income receivable	1,583,736	1,583,736	1,849,724
	<u>1,583,736</u>	<u>1,583,736</u>	
Total 2019	1,849,724	1,849,724	
	<u>1,849,724</u>	<u>1,849,724</u>	

4. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Interest on UK bank deposits	1,257	1,257	374
	<u>1,257</u>	<u>1,257</u>	
Total 2019	374	374	
	<u>374</u>	<u>374</u>	

5. Other income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Facility letting fees	2,720	2,720	6,925
Rent receivable	8,858	8,858	8,946
Other incoming resources	78,982	78,982	11,980
Insurance settlement	60,000	60,000	-
Government grant income	119,799	119,799	-
Uniform income	1,438	1,438	-
	<u>271,797</u>	<u>271,797</u>	<u>27,851</u>
Total 2020	271,797	271,797	27,851
	<u>271,797</u>	<u>271,797</u>	
Total 2019	27,851	27,851	
	<u>27,851</u>	<u>27,851</u>	

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

6. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Charitable activities	2,064,930	2,064,930	2,009,337
Total 2019	2,009,337	2,009,337	

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Charitable activities	992,259	1,072,671	2,064,930	2,009,337
Total 2019	1,017,909	991,428	2,009,337	

Analysis of direct costs

	Charitable activities 2020 £	Total funds 2020 £	Total funds 2019 £
Teaching staff salaries	974,128	974,128	995,178
Books, printing and stationery	18,131	18,131	22,731
Total 2020	992,259	992,259	1,017,909
Total 2019	1,017,909	1,017,909	

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Charitable activities 2020 £	Total funds 2020 £	Total funds 2019 £
Matron, domestic and grounds staff salaries	115,655	115,655	142,948
Administration staff salaries	201,184	201,184	166,494
Rent and rates	80,679	80,679	90,180
Insurance	26,378	26,378	20,075
Light and heat	35,813	35,813	43,694
Grounds and playing field	75,155	75,155	5,830
Amortisation and depreciation	79,455	79,455	75,631
(Profit)/ loss on sale of fixed assets	(960)	(960)	7,221
Repairs and maintenance	29,549	29,549	41,194
Bank charges	5,446	5,446	5,930
Audit and accountancy	11,500	11,500	11,513
Advertising	24,428	24,428	17,446
Telephone and postage	10,144	10,144	15,626
Subscriptions	8,321	8,321	7,099
Transport and travel	8,690	8,690	9,161
Staff recruitment, training and welfare	10,593	10,593	17,164
Legal and professional	62,261	62,261	11,227
Computer costs	19,045	19,045	16,831
Security	12,593	12,593	13,014
Music, sport and misc	21,253	21,253	24,506
Inspections	3,782	3,782	936
Contract cleaning	1,194	1,194	498
Household and medical	10,570	10,570	11,853
Contract catering	174,538	174,538	185,426
Bad and doubtful debts	35,125	35,125	36,447
Bank loan interest	10,280	10,280	13,484
	1,072,671	1,072,671	991,428
Total 2019	991,428	991,428	

Included within support costs are governance costs. These costs comprise the public accountability of the School and its compliance with regulation and good practice. They are principally administration costs relating to matters such as preparation of the financial statements and administrative support provided to the Trustees. Governance costs also include the cost of the independent audit.

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

8. Auditors' remuneration

	2020 £	2019 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	5,500	5,500
Fees payable to the charity's auditor in respect of: All non-audit services not included above	<u>6,000</u>	<u>6,013</u>

9. Staff costs

The average number of persons employed by the charity during the Year was as follows:

	2020 No.	2019 No.
Teachers - full time	18	18
Teachers - part time	6	6
Matrons	2	2
Domestics - part time	5	6
Grounds and maintenance	2	2
Administration - full time	3	4
Administration - part time	3	3
	<u>39</u>	<u>41</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	1

The school considers its key management personnel comprise the Head teacher Mrs L Salmond Smith, the Deputy Head Academic teacher Mr T Bromfield, Deputy Head of Pastoral Mr I Richardson and the Bursar Mr M Chapman. The total employment benefits including employer pension contributions of the key management personnel were £257,700 (2019: £244,865).

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

Salaries

Employees benefits in kind totalled £1,179 (2019: £296).

The ratio of teaching staff to pupils was 1:6 (2019: 1:6).

During the year, no Governors received any remuneration (2019: £nil)

During the year, no Governors received any benefits in kind (2019: £nil)

During the year, no Governors received any reimbursement of expenses (2019: £nil)

10. Tangible fixed assets

	Freehold land £	Freehold property £	Motor vehicles and equipment £	Total £
Cost or valuation				
At 1 September 2019	41,889	1,829,405	441,568	2,312,862
Additions	-	12,893	50,736	63,629
Disposals	-	(1,905)	(2,400)	(4,305)
At 31 August 2020	41,889	1,840,393	489,904	2,372,186
Depreciation				
At 1 September 2019	-	749,012	419,710	1,168,722
Charge for the Year	-	61,552	17,903	79,455
On disposals	-	(1,905)	(960)	(2,865)
At 31 August 2020	-	808,659	436,653	1,245,312
Net book value				
At 31 August 2020	41,889	1,031,734	53,251	1,126,874
At 31 August 2019	41,889	1,080,393	21,858	1,144,140

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

10. Tangible fixed assets (continued)

Freehold land is not depreciated.

All the assets are held for the furtherance of the School's objects.

Prior to 1972 expenditure on land and buildings was not treated as capital expenditure and such expenditure was written off in the year it was incurred. As a consequence, only expenditure incurred since 1972 on new buildings is included on the balance sheet and is depreciated over its useful economic life.

The two major items of value which are not included in the financial statements are :

- Freehold land and buildings at 52 and 53 West Street, Chichester

Some assets which have been written down to a nil position are not included in the books of account although such assets may still be in use.

Insured value:

Based on indicative valuations the Trustees believe the open market value of freehold land and buildings is substantially in excess of their carrying value. The insured value of the buildings is £12.1m.

The net book value of assets held under hire purchase contracts, included above is £13,660 (2019: £Nil).

11. Stocks

	2020 £	2019 £
Finished goods and goods for resale	1,136	104

12. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	111,581	100,600
Other debtors	16,627	446
Prepayments and accrued income	66,384	91,336
	194,592	192,382

13. Current asset investments

	2020 £	2019 £
Unlisted investments	-	55,220

The historical cost of these investments is £Nil (2019: £11,385).

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	23,526	19,718
Trade creditors	31,679	54,280
Obligations under finance lease and hire purchase contracts	4,608	-
Other creditors	79,168	89,264
Accruals and deferred income	169,931	197,397
	<u>308,912</u>	<u>360,659</u>

	£
Deferred income	
Deferred income at 1 September 2019	162,357
Amounts released to income	139,314
Movement in deposits and fees paid in advance	(156,984)
	<u>144,687</u>

Fees paid in advance comprises fees for the Michaelmas term received in advance of £116,087 (2019: £133,364) and pupil deposits of £28,600 (2019: £28,992).

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

15. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Bank loans	382,390	346,238
Net obligations under finance lease and hire purchase contracts	11,182	-
	<u>393,572</u>	<u>346,238</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020	2019
	£	£
Repayable by instalments	7,035	260,402
	<u>7,035</u>	<u>260,402</u>

A bank loan together with the bank overdraft, is secured over the property at 53 West Street, Chichester. The bank overdraft is repayable on demand. The bank loan is for a period of 10 years from 18 August 2015. The loan is being repaid by instalments calculated to repay the full amount of the loan over a period of nineteen years and three months. After 120 repayments a final instalment is due to repay the outstanding balance.

The Prebendal School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

16. Statement of funds

Statement of funds - current Year

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Accumulated fund	883,674	1,863,476	(2,064,930)	10,310	(8,002)	684,528
Restricted funds						
Prize Fund	6,691	-	-	-	-	6,691
Scholarship Fund (Tanner Trust)	2,658	-	-	-	-	2,658
Ernest and David Myers Award Fund	26,937	-	-	(10,310)	-	16,627
	<u>36,286</u>	<u>-</u>	<u>-</u>	<u>(10,310)</u>	<u>-</u>	<u>25,976</u>
Total of funds	<u>919,960</u>	<u>1,863,476</u>	<u>(2,064,930)</u>	<u>-</u>	<u>(8,002)</u>	<u>710,504</u>

The Prize Fund is to fund the award of small annual prizes to outstanding pupils. The balance of this fund is held separately in two bank accounts.

The Scholarship Fund (Tanner Trust) is to assist in the payment of fees by families of limited means or in time of hardship.

The Ernest and David Myers award fund is monies received in order to fund a Chorister bursary.

The Accumulated Fund represents those funds which are unrestricted.

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Notes to the financial statements
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16. Statement of funds (continued)

Statement of funds - prior Year

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Accumulated fund	1,006,130	1,885,634	(2,026,159)	7,430	902	873,937
Unallocated amounts	-	(7,085)	16,822	-	-	9,737
	<u>1,006,130</u>	<u>1,878,549</u>	<u>(2,009,337)</u>	<u>7,430</u>	<u>902</u>	<u>883,674</u>
Restricted funds						
Prize Fund	6,691	-	-	-	-	6,691
Scholarship Fund (Tanner Trust)	2,658	-	-	-	-	2,658
Ernest and David Myers Award Fund	34,367	-	-	(7,430)	-	26,937
	<u>43,716</u>	<u>-</u>	<u>-</u>	<u>(7,430)</u>	<u>-</u>	<u>36,286</u>
Total of funds	<u><u>1,049,846</u></u>	<u><u>1,878,549</u></u>	<u><u>(2,009,337)</u></u>	<u><u>-</u></u>	<u><u>902</u></u>	<u><u>919,960</u></u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	1,126,874	-	1,126,874
Current assets	260,138	25,976	286,114
Creditors due within one year	(308,912)	-	(308,912)
Creditors due in more than one year	(393,572)	-	(393,572)
Total	684,528	25,976	710,504

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	1,144,140	-	1,144,140
Current assets	446,431	36,286	482,717
Creditors due within one year	(360,659)	-	(360,659)
Creditors due in more than one year	(346,238)	-	(346,238)
Total	883,674	36,286	919,960

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18. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(209,456)	(129,886)
Adjustments for:		
Depreciation charges	75,994	75,631
Gains/(losses) on investments	8,002	(902)
Dividends, interests and rents from investments	(374)	(5,932)
Decrease/(increase) in stocks	(1,032)	490
Increase in debtors	(2,210)	(14,970)
Increase/(decrease) in creditors	(52,945)	26,583
Interest payable	10,280	13,484
Net cash used in operating activities	(171,741)	(35,502)

19. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	90,387	235,011
Total cash and cash equivalents	90,387	235,011

20. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	235,011	(144,625)	90,386
Debt due within 1 year	(19,718)	(3,808)	(23,526)
Debt due after 1 year	(346,238)	(36,152)	(382,390)
Finance leases	-	(15,790)	(15,790)
Liquid investments	55,220	(55,220)	-
	(75,725)	(255,595)	(331,320)

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21. Contingent liabilities

During the year ended 31 August 2016 the school received £600,000 from the Dean and Chapter of Chichester Cathedral in respect of the school's interest in a larger donation of property from a third party donor. The restrictions imposed upon the underlying donation were such that in order to receive funds the school was required to enter into a deed with the Dean and Chapter of Chichester Cathedral. Under the deed the school has covenanted, for a period of ten years to 2026, that it will repay monies back to the Dean and Chapter of Chichester Cathedral on the occurrence of any of the following circumstances:

- a) That the charity ceases to provide choristers to the Chichester Cathedral provided that such cessation was at the behest of the charity and not imposed by Chapter.
- b) That the undertaking of the School is sold or otherwise disposed of (as the case may be) by the Charity.
- c) That the charity is put or otherwise goes into liquidation or ceases to trade.

In the case of B) repayment shall be made in full on completion of the sale or disposal (as the case may be) of the undertaking of the School to a third party except for in the event that such sale or disposal is made to Alpha Schools (Holdings) Limited (registered company number 07391840) in which case Chapter shall waive any and all requirements for repayment of the payment in full.

In the case of c) any repayment will only be made after the settlement of all other debts of the school secured or unsecured.

Contingent assets

The School is the remainderman of the Mrs WE Shoesmith MBE Will Trust subject to the life interest of Mr W Sprunt. The value of the residuary interest is believed to be in the region of £135,000. This value is subject to fluctuation until such time as it crystallises and cannot therefore be reliably estimated for the purpose of recognition in these accounts.

22. Pension commitments

The School operates two defined benefit pension schemes (Teacher's Pension Scheme and Church of England Scheme) and one defined contribution scheme (Stakeholder Scheme). The assets of those schemes are held separately from those of the School in independently administered funds. The pension cost charge represents contributions payable by the School to the funds and amounted to £169,237 (2019: £126,755). Included in creditors is an amount of £5,000 (2019: £5,000) in respect of the shortfall in the funds of the Church of England scheme.

In the case of the Teachers Pension Scheme it is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 102 represents the employer contributions payable.

Teachers' Pension Scheme:

Until 31st July 2020, the School participated in the Teachers' Pension Scheme (England and Wales) (TPS) for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £148,138 (2019: £115,193) and at the year-end £nil (2019 - £nil) 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). 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 the Government.

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22. Pension commitments (continued)

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 31st 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 1st 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 31st 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 5th March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the McCloud/Sargeant case. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27th June 2019 the Supreme Court denied the Government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The Government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

As at 31st August 2020, the School withdrew from the TPS (England and Wales).

Church of England Scheme:

The school also participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund. At the year end, the school had no active members and no deferred pensioner members. The school is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. However, a valuation of the Fund was carried out as at 31 December 2007. As a result, an under funding liability for the school of £60,940 arose. That liability was met by the school paying additional contributions.

The last active member of this defined benefit scheme retired in December 2008. Thereafter the scheme remains operative but only to receive subscriptions in respect of a defined contribution scheme, for which the school has one active member.

Stakeholder Scheme:

The School also operates a stakeholder pension scheme. The assets of the scheme are administered by trustees in funds independent from those of the School.

General:

Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the schemes.

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23. Operating lease commitments

At 31 August 2020 the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	53,992	50,628
Later than 1 year and not later than 5 years	148,453	147,569
Later than 5 years	5,000	25,500
	<u>207,445</u>	<u>223,697</u>

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24. Related party transactions

Chichester Cathedral Choristers Associations Scholarship Trust:

A charity in which The Reverend Canon N T Schofield and Mr J F Attwater are trustees.

During the year the school received £17,005 (2019: £18,536) for chorister fees.

As at the year end £nil (2019: £nil) was owed from Chichester Cathedral Choristers Associations Scholarship Trust.

The Morse - Boycott Bursary Fund:

A charity in which The Reverend Canon N T Schofield and The Reverend Canon Dr A W Cane are trustees. During the year the school received £25,940 (2019: £44,580) for chorister fees. As at the year end £nil (2019: £nil) was owed from The Morse - Boycott Bursary Fund.

Southern Cathedrals Festival Society:

A charity in which The Very Reverend S J Waine is a trustee.

During the year the school paid £nil (2019: £234) for advertising expenditure.

As at the year end £nil (2019: £nil) was owed to Southern Cathedrals Festival Society.

The Dean and Chapter Of Chichester Cathedral:

The Dean The Very Reverend S Waine acts as an ex officio Governor of Prebendal along with his role of the Dean of Chichester. The Reverend C T Schofield is the Precentor of Chichester Cathedral and The Reverend Canon Dr A Cane is the Chancellor of Chichester Cathedral. The Dean and Chapter also have the ability to appoint governors.

During the year the school paid £36,353 (2019: £36,353) of rent and £450 (2019: £nil) for insurance costs. The school also received £171,558 (2019: £161,805) from the Dean and Chapter for chorister fees, £8,695 (2019: £8,880) for piano lessons, and £1,710 (2019: £2,185) for out of term bed and breakfast for choristers

As at the year end £nil (2019: £nil) was owed from The Dean and Chapter of Chichester Cathedral.

J Schofield (Wife of T Schofield):

During the year J Schofield received income of £1,510 (2019: £3,170) for providing peripatetic music lessons, for the school. There were no amounts outstanding as at the year end (2019: £nil).

Cobnor Activities Centre Trust:

A company in which Mr M Camps is a director.

During the year the school paid £2,550 (2019: £5,566) for sailing expenditure.

As at the year end £nil (2019: £nil) was owed to Cobnor Activities Centre Trust.

25. Post balance sheet events

Following the year end, an agreement with Alpha Schools was reached in order to deliver operational and financial changes to the School. They have undertaken to provide the school with £1 million working capital support until December 2023. It is intended that these measures will lift both pupil numbers and profitability and make sure the School is viable for the future.

Under the terms of the agreement the school will continue to operate under the name of the charitable company, however management services will be provided by Alpha Schools including strategic leadership and oversight of the operation of the school.