

Company registration number: 11751009

Charity registration number: 1184700

# Downside School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2022

**Downside School**

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## **Downside School**

### **Reference and Administrative Details**

#### **Governors (also members)**

J M Ludlow (Chair from 30 January 2023) \$#+

M F T Bernard (Chair from 29 April 2022) \$# (resigned 30 January 2023)

Very Rev Dom N P Wetz #

C M Hughes O.B.E #

H A H Dickinson #

A C Martin \$

T J Wilcox #~

A C G Griffin \$

J M T Ogilvy-Stuart #

A Barrett # (appointed 1 February 2023)

R J G Jenkins \$ (appointed 15 June 2022)

A Lynch # (appointed 3 September 2022 resigned 3 August 2023)

Dr R G G Mercer (Resigned 31 March 2022)

J A Scott-Gatty (Resigned 1 April 2022)

\$ Member of general finance and resources committee

# Member of education committee

+ Responsibility for health and safety

~ Responsibility for safeguarding

**Downside School**

**Reference and Administrative Details**

<b>Clerk to the Governors</b>	V Locke
<b>Charity Registration Number</b>	1184700
<b>Company Registration Number</b>	11751009
<b>Registered Office</b>	Stratton-on-the-Fosse Radstock Somerset BA3 4RJ
<b>Head</b>	A Hobbs
<b>Auditors</b>	Crowe U.K. LLP 4th Floor, St. James' House St. James' Square Cheltenham GL50 3PR
<b>Bankers</b>	Barclays Bank PLC 4 Queen Street Bath BA1 1HE
<b>Solicitors:</b>	Stone King 13 Queens Square Bath BA1 2HJ

## **Downside School**

### **Governors' Report**

The Governors of Downside School, who are also the Directors of the school for the purposes of the Companies Act and Trustees for the purposes of the Charities Act (but herein after are referred to as Governors), present their annual report and the audited financial statements for the year ended 31 August 2022. The annual report serves the purpose of both a Trustees Report and a Directors Report under company law. The financial statements comply with the Charities Act 2011, the Charities Statement of Recommended Practice (second edition) and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102).

#### **Reference and Administrative Details**

Downside School separated from Downside Abbey General Trust, which owned and ran Downside School, on 11 September 2019. The Company is limited by guarantee, with registered number 11751009. The School is also a Charity, registered number 1184700. The Governors, executive officers and principal address of Downside School are listed on page 1 together with the particulars of the Charity's professional advisers.

#### **Structure, governance and management**

##### ***Nature of governing document***

The Charity is governed by its Memorandum and Articles of Association as amended on 22 July 2019.

The Governors who held office during the period are shown on page 1. The structure of the Charity consists of one Governing Body of not more than twelve Governors for Downside School.

##### ***Recruitment and appointment of Governors***

The Board of Governors shall include the Abbot of Downside Abbey (or an individual appointed by the Abbot), one Governor appointed by the Bishop of the Roman Catholic diocese in which any school operated by the Charity is located and a minimum of six other Governors. The total number of Governors shall not exceed twelve.

New Governors are appointed by ordinary resolution of the Governors and eligibility is subject to personal competence, specialist skills and availability. New Governors are inducted into the workings of the Charity and the management of the school, including its policies and procedures, at training meetings organised for them by the Chairman, the Head and the Clerk to the Governors. Governors' training needs are assessed on an individual basis and training is given as appropriate. All Governors are required to undertake mandatory Safeguarding training, and they are sent regular guidance notes and information from the Association of Governing Bodies in Schools (AGBIS) via the Clerk to the Governors.

## **Downside School**

### **Governors' Report**

Senior personnel are recruited on the basis of national advertisement and selection by Governors and other senior personnel. The Governors' Finance and Resources Committee considers the remuneration of senior personnel where appropriate at their summer term meeting. Consideration is given to benchmarking, in particular the AGBIS Survey on Heads and Bursars Remuneration, market information and time in their position. Governors also consider individuals' performance against objectives.

#### ***Organisational structure***

The Governors are legally responsible for the overall management and control of Downside School and meet, either in person or virtually, at least three times a year. There are two sub-committees; during the year to 31 August 2022- the Education Committee was chaired by Catherine Hughes and the General Finance and Resources Committee (GFRC) was chaired by James Scott-Gatty up to the date of his resignation when he was replaced by Alison Martin. Both committees meet regularly to consider their specific issues prior to presenting their recommendations or proposals to the full Board. The GFRC is responsible for considering Business Risk throughout the year and reporting on this issue to the full Board during the summer term. The members of each sub-committee are listed on page 1. In addition, there are nominated Governors with specific responsibilities for Health and Safety and Safeguarding. During the period to 31 August 2022 these were John Ludlow and Terri Wilcox respectively.

The day to day running of the School is delegated to the Head, supported in this by the Senior Leadership Team of the School. This comprises the Director of Operations, the Director of Finance and the Deputy Head. Relevant members of the Leadership Team attend the Governors' sub-committee and full Board meetings.

#### ***Governors' indemnities***

As permitted by the Articles of Association, the Governors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and remains in force in the current year. The Company also purchased and maintained throughout the financial period Governors' and Officers' liability insurance in respect of itself and its Governors.

## **Downside School**

### **Governors' Report**

#### ***Major risks and management of those risks***

The major risks to which the School is exposed, as identified by the Governors, have been reviewed and systems have been established to mitigate those risks.

The following are the principal risks and uncertainties facing the School:

- Impact on reputation of events such as fraud, accidents and media coverage;
- Maintenance of pupil numbers as this may affect liquidity and cash flows;
- Maintenance of effective senior leadership.

The following is a summary of the School's plans and strategies for managing those risks:

- Compliance with regulatory requirements; ongoing evaluation of teaching and its educational curriculum; regular review of Disaster Recovery Plan; compliance with Child Protection policies and procedures; Governor oversight;
- Regular Governor evaluation, training and Committee meetings;
- An effective marketing strategy to maintain and grow the School's pupil numbers.

#### **Group structure and relationships**

Downside School actively supports the attainment of the highest standards in the Independent Schools sector. To this end, it actively networks with other leading schools and participates in peer group studies for the evaluation of quality and performance improvement methods. The School also cooperates with many local charities in an ongoing endeavour to widen public access to the education that it provides, to optimise the use of its cultural and sporting facilities and to awaken in its pupils, in the public interest, an awareness of the social context of the all-round education they receive at the School. Downside School also benefits from the generosity of past pupils through the St. Gregory's Society and from parents and others through the Downside Association.

On 29 March 2021 the Charity acquired the trade and assets of its wholly owned non-charitable subsidiary, Downside School Enterprises Limited, which principally operated a school shop and also generates income for the School through the letting of its facilities during school holidays. Downside School Enterprises Limited was dissolved on 30 March 2021, with its functions subsequently undertaken directly by the School.

The School maintains a close relationship with Downside Abbey General Trust with which it shares part of the site and some of the site's facilities and resources. The legal governance arrangements between the School and Downside Abbey General Trust include appropriate robust provisions for pupil safeguarding.

## **Downside School**

### **Governors' Report**

#### **Objects, aims, objectives and activities**

##### ***Charitable objects***

The School's charitable objects are;

1. To advance Roman Catholic education in the Benedictine tradition and the Roman Catholic faith in particular, but without prejudice to the generality of the foregoing, by running a school known as Downside School;
2. To advance education by providing facilities for the education and training of children and young people provided that such provision shall be ancillary or incidental only to the running of a school known as Downside School in accordance with the above;
3. To support the work of Downside Abbey General Trust.

Our mission is to provide a secure, happy and inclusive environment where children will develop the inner confidence and self-esteem necessary to flourish in our rapidly changing world. Whilst we protect and nurture our children, we also challenge and extend them in order to build their ability to thrive as adults in the future.

We strive to ensure that individual minds are broadened, and perspectives widened. We encourage learning, independence of thought and the cultivation of self-belief, skills, wisdom and curiosity.

We are preparing each child to live life to the full, encouraging them to live responsibly and thoughtfully and to embrace, with energy and enthusiasm, the great opportunities that lie ahead. It is our sincere desire that each child will use their compassion, knowledge, passions and energies to make the world a better place – and believe they can do so. Every child has an inherent value, which is exceptional and exclusive to them.

##### ***Public benefit aims and intended impact***

The Trustees have regard to the Charity Commission's guidance on public benefit. To achieve these objects, the public benefit aim is to provide a Catholic and Benedictine education focused on the formation of young people to enable them to realise their potential as contributors to society. Downside focuses on academic excellence and aims to develop the character of its pupils, emphasising the importance of moral courage, integrity and service to others.

The School also fosters the highest standards in sport, both in performance and sportsmanship, and in the arts has a tradition of inspired theatrical productions. The School endeavours, in addition, to give children an appreciation of 'the poetry of life', a sense of its beauty, form, mystery and joy.



## **Downside School**

### **Governors' Report**

The School contributes to the Camino Partnership of Catholic Schools in the southern part of the Diocese of Clifton to promote Catholic education. The partnership provides a network of support to fellow schools and shares expertise from Chaplaincy and the teaching of religious studies to Heads and Governors of schools. The partnership involves both primary and secondary schools from the maintained and independent sector.

The School regularly hosts events for local primary schools, including modern language days, choral singing days, sporting events and 'Race for the Line' events. Pupils and staff support the learning of Spanish in a local primary school.

Pupils participate in a number of Community service activities, including a soup run in Bath and visiting local homes for the elderly, primary schools and other social institutions. They also raise funds for a number of different charitable organisations, including Mary's Meals, and CAFOD. Pupils take part in an annual overnight sleep out in support of charities supporting the homeless.

The School has implemented a number of environmentally conscious waste disposal and recycling schemes, reflecting its commitment to green issues and to encourage a socially conscious outlook amongst its pupil body.

The School's outreach work has included its specialist sports staff coaching, refereeing and umpiring at a number of Prep Schools and also working with local primary schools.

The School has forged a strong relationship with Bath Rugby, and on occasions hosts the Bath Development Player Programme where the School regularly hosts 40-50 boys at under aged 14 and below.

Downside is the satellite coaching hub for Somerset Cricket Board in the North of the county, seeing hundreds of talented players (girls and boys) visit Downside for training. We also host County Age Group fixtures at junior level.

#### **Objectives for the year**

The Charity's objectives for the year were to continue to embed the educational offering which commenced in September 2019. The separation from Downside Abbey General Trust required new structures to be implemented and facilities resourced.

The new vision statement is 'Downside's vision, as a Catholic and Benedictine school with Christ at its centre, is to be a bright light in education and to inspire service in our world.'

## **Downside School**

### **Governors' Report**

The School also reviewed and amended its mission statement to read:

'We will renew and strengthen our roots as a Catholic community, building relationships internationally, to become a school, which serves our world through its formation and education of young people, with the resources to meet our charitable objectives sustainably.'

Under this mission statement lie four key principles that seek to cover all areas of school life:

- We see it as our purpose to awaken and nurture a lifelong commitment to learning and growing (conversatio morum - Rule of St. Benedict);
- The relationship between the family and the School is one of dedicated and accountable partners;
- We challenge the transactional and utilitarian view of education;
- Specific and measurable outcomes need to be used as important indicators of how well the partnership is working.

The guiding policy for our principles is the parable of the talents which will be our model for gauging performance and the parables of the lost sheep and the prodigal son will provide our pattern for pastoral care.

The key strategies are:

- We will invest in building a strong faith based culture that challenges our pupils to make their unique contribution, with the help of all in the Downside community;
- We will establish a programme of staff retreats to underpin the Catholic and Benedictine culture of the School;
- We will embed the Relationship and Sex Education (RSE) programme so that respect will be at the heart of every relationship in our community;
- We will value and celebrate pupil engagement and achievement, recognising the unique contribution of each individual in accordance with their talents;
- Working with the wider Downside Community, we will establish a funding stream which provides one fully subsidised place for an academic scholar in each year group by 2026;
- We will ensure that the School is successfully funded to continue its work.

## Downside School

### Governors' Report

#### Fee remission policy

During the year the value of scholarships, grants, prizes and bursaries made to the School's pupils out of unrestricted funds totalled £2,717,046 (seven month period ended 31 August 2021 - £1,656,179). Of this, £372,075 (seven month period ended 31 August 2021 - £225,020) being 3.3% of fee income, (seven month period ended 31 August 2021 - 4.1%) was awarded in Scholarships and £2,344,971 (seven month period ended 31 August 2021 - £1,431,159) being 20.8% of fee income (seven month period ended 31 August 2021 - 25.9%), in bursaries and discounts.

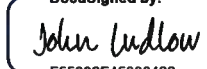
All bursaries are means-tested according to the School's policy and criteria. The remainder of the funds cover fees to overseas and British agents, standardised discounts to members of the armed forces, members of staff and siblings of current pupils. The School does not benefit from any endowments to fund scholarships. The policy of the Governors is to make awards on the basis of the individual's educational, musical, artistic or sporting potential, or to relieve hardship where the pupil's education and further prospects would otherwise be at risk. Details of such awards for fee-assistance, together with the terms and conditions for each kind of award, are available from the Bursary.

Details of the Reserves Policy, plans for future periods and financial risk management are included within the Strategic Report.

#### Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The Governors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the Governors of the charity on 30 August 2023 and signed on its behalf by:

DocuSigned by:  
  
.....F66202F45998422.....  
J M Ludlow  
Governor

## **Downside School**

### **Strategic Report for the Year Ended 31 August 2022**

#### **Achievements and performance**

##### ***Whole school***

Despite the challenges of the COVID-19 pandemic, which significantly affected these pupils learning, all abilities continued to achieve extremely well academically. The A level (39 % A\*/A and 65% A\*-B) and GCSE (51% 9-7 and 90% 9-5) results in the Summer of 2022 showed that Downside pupils once again performed exceptionally despite the readjustment back toward the 2019 grade boundaries

Of the leavers who have achieved university places, 1 has secured a place at Cambridge (post A level applicant), 2 at Durham, 1 at Imperial, 4 at Edinburgh, 2 at Warwick (all in The Times Top 10 Universities 2023), 2 at Exeter, 1 at Lancaster, 1 at Loughborough, 1 at Glasgow, 1 at Southampton, 1 at Strathclyde (all Top 20). Places were also secured at Leeds, Manchester, Nottingham, Queen Mary, Royal Holloway, University of East Anglia and Cardiff, which are in the Top 30 of the Times list.

Music and drama are an essential aspect of building confidence and provide pupils with a superb opportunity to work collaboratively.

Music is a central aspect of school life. There are three Chamber Choirs at Downside: a boys' choir, a girls' choir and a mixed choir. They specialise in a cappella performances, both sacred and secular. Membership is by invitation. The Chamber Choirs sing Mass on some Sundays and are much in demand for concerts. When the pupils were absent from school during lockdown there were online collaborations and recordings.

Orchestral, band and chamber music also flourish at Downside, with frequent concerts and weekly recitals. The Combined Cadet Force (CCF) and Pipe Bands are also in demand. The CCF band plays for the annual CCF inspection, and accompanies the Remembrance Day service. Both bands regularly perform at School concerts and parades, as well as at private functions. We also have Jazz, Rock and Concert Bands, a Saxophone Group and a Drum Line, amongst others. The CCF band has led the Remembrance Parade in Bath for a number of years and the Pipe Band plays annually at the Stratton-on-the-Fosse Village Day in September.

## **Downside School**

### **Strategic Report for the Year Ended 31 August 2022**

In art, pupils are encouraged to explore as many styles and media as possible. With an Artist-in-Residence, and regular visits to exhibitions, galleries and museums, pupils are provided with lots of inspiration. In Design and Technology pupils combine practical and technological skills with creative thinking to design and make products and systems that meet human needs. They learn to use current technologies and consider the impact of future technological developments. They learn to think creatively and intervene to improve the quality of life, solving problems as individuals and members of a team.

Through Downside's Combined Cadet Force, pupils throughout the School are able to take part in a broad range of challenging, exciting and adventurous activities. All Third Form (aged 13+) pupils are able to experience the full range of CCF activity during the academic year. At the end of the Third Form, pupils can elect to move onto the Royal Navy, or Army, section in their senior years at Downside. One full afternoon per week is allocated to CCF activity, with additional camps, expeditions and training sessions scheduled throughout the year.

A very wide range of sporting opportunities are available to pupils and the philosophy held by pupils and staff is to adopt a positive mental attitude and develop an exceptional work ethic. We promote fitness and enjoyment and aim to develop each pupil's personal best. Pupils are offered a wide range of options including rugby, hockey, football, netball, cross country, cricket, tennis and athletics. Teams are fielded for all age groups. The School maintained an online sports programme during lockdown, providing for all pupils. There was also a comprehensive and detailed programme for sports scholars and those in elite pathways.

#### **Financial review**

The income for the year ended 31 August 2022 was £10,096,950 (seven months ended 31 August 2021 - £4,386,318) with the fee income being £8,760,448 (seven months ended 31 August 2021 - £3,981,088). Expenditure amounted to £10,730,305 (seven months ended 31 August 2021 - £5,599,141). The principal funding source for the period was fee income which supported the key objectives of the School in providing education to pupils.

#### **Bank loan**

The School has taken over a loan originally advanced by Barclays Bank to Downside Abbey General Trust. £2,421,342 was outstanding at 31 August 2022, and the School is responsible for capital repayment and interest costs up until 31 August 2023. As detailed in note 21, although the loan is formally documented in the name of Downside School, Downside Abbey General Trust has undertaken to repay the loan and to make all capital repayments and interest payments from 1 September 2023 to the date when the loan is repaid.



## **Downside School**

### **Strategic Report for the Year Ended 31 August 2022**

#### ***Reserves policy***

The Charity commenced trading on 11 September 2019 with nil reserves. Since then, it has suffered losses and its reserves position has therefore been negative.

The Charity's assets are sufficient to meet its obligations, however income for the year continued to be affected by COVID-19 which has had a significant effect on working capital. At the end of the year (31 August 2022), there were restricted funds of £126,625 and no material amounts designated or otherwise committed. The reserves policy now and in the future is to build up resources by means of annual operating surpluses whilst continuing to invest in resources for current and future pupils.

#### ***Investment policy and objectives***

The School had a beneficial interest in an investment at a value of £165,613 at 31 August 2021, which was disposed of during the year under review. This was 23% of the shares held by Downside Abbey General Trust and remained in the name of the Trust. The percentage transferred to the School's ownership is stated in the legal Separation Agreement between the Trust and the School. The School also has a beneficial interest in shares in Telecom Plus PLC to the value of £117,000 as 31 August 2022 (31 August 2021 - £61,800). These are also held in the name of Downside Abbey General Trust and stated as transferred to the School under the terms of the Separation Agreement.

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

The Governors are responsible for the management of the risks faced by the Charity. Detailed considerations of the risks are delegated to the General Finance and Resources Committee, which is assisted by the Head and the Director of Finance. Risks are identified, assessed and controls are established throughout the year. A formal review of the Charity's Risk Management process is undertaken on an annual basis. The key controls used by the Charity include

- Formal agendas for all Committee and Board activities;
- Detailed terms of reference for all Committees;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear financial authorisation and approval levels; and
- Vetting procedures as required by law for the protection of the vulnerable.

## **Downside School**

### **Strategic Report for the Year Ended 31 August 2022**

Through the risk management process established for the Charity, the Governors are satisfied that major risks are identified and appropriately mitigated where possible.

Principal risks are identified as being:

- Maintaining pupil numbers; and
- The bank withdrawing its loan facility; and
- Political policy in relation to independent schools.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

#### **Financial risk management**

The Charity's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The School is exposed to credit risk as its main customers are the parents of pupils. It discusses payment terms with parents and agrees payment plans where required. The School is exposed to liquidity risk but minimises the exposure by actively monitoring its monthly cash flow. Similarly, the School is also exposed to a rise in interest rates which it takes into account in its budgeting. In addition, the Charity has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the Charity.

#### **Going concern**

The Governors have prepared the financial statements on a going concern basis as, in their opinion, the School is able to meet its obligations as they fall due.

The School is forecasting surpluses in both the 2023 and 2024 financial years however will not return to positive cashflows until September 2024. The School is mindful of the 'cost of living' and inflation-related pressures faced, together with some political and economic uncertainty that might adversely affect pupil recruitment. This has been factored into its financial forecasts and planning through to August 2025. Cash availability is dependent on the receipt of a donation due from Downside Abbey General Trust in the 2024 financial year, together with much improved fee debtor collection and control of costs.

These conditions indicate, however that a material uncertainty exists that may cast significant doubt on the School's ability to continue as a going concern.

## **Downside School**

### **Strategic Report for the Year Ended 31 August 2022**

To mitigate this the School has taken steps to increase pupil recruitment and retention, including plans to refurbish an existing building to provide a new sixth form centre to help retain more pupils post-GCSE and attract local day pupils into the sixth form. This work will be completed during the 2024 financial year using capital investment funds allocated under the School's catering contract.

The School has also agreed with Downside Abbey General Trust to repurpose the £4 million that was due to the School under the Separation Agreement to ensure the School has sufficient resources to meet its operational needs and to ensure the repayment of the bank loan by August 2024. In addition, Downside Abbey General Trust has agreed to meet all capital and interest payments relating to the bank loan from 1 September 2023 until the date it is repaid in full.

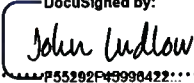
Robust financial controls have been implemented to ensure the timely collection of fee debtors and to ensure that costs are contained and kept in line with budget, together with regular financial reporting to monitor performance.

Having considered all of the above, the Governors consider that it is appropriate that the accounts are prepared on a going concern basis and are confident that the measures being taken will secure the future of the School.

#### **Plans for future periods**

We use historical data and trends (along with other information gathering and research) as the basis for forecasting pupil numbers. The number of pupils at the School dictates the allocation of resources and so our long term strategic plan and forecasts may change depending on factors such as uncertainty in the wider economy or Government imposed statutory or regulatory changes.

The strategic report was approved by the Governors of the charity on 30 August 2023 and signed on its behalf by:

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J M Ludlow  
Governor



## Downside School

### Statement of Governors' Responsibilities

The Governors (who are also the directors of Downside School 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

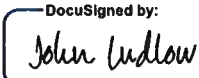
Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that can 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.

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

Approved by the Governors of the charity on 30 August 2023 and signed on its behalf by:

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J M Ludlow  
Governor

## **Downside School**

### **Independent Auditor's Report to the Members of Downside School**

#### **Opinion**

We have audited the financial statements of Downside School (the 'charity') for the year ended 31 August 2022, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We draw attention to the disclosures made in note 1 to the financial statements concerning the School's ability to continue as a going concern. The School is forecasting surpluses for the 2023 and 2024 financial years and the 2023 and 2024 budgets show this being maintained with positive cashflows. The School has an agreement with Downside Abbey to fully repay its outstanding bank loan and also has taken a number of steps to improve cashflow. Cash availability is dependent upon a donation being received from Downside Abbey, along with a robust fee debtor collection process as well as putting in place measures to ensure costs are kept in line with budgets. These conditions, along with other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the School's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Downside School**

### **Independent Auditor's Report to the Members of Downside School**

#### **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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Governors' Report.

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

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

## **Downside School**

### **Independent Auditor's Report to the Members of Downside School**

#### **Responsibilities of Governors**

As explained more fully in the Statement of Governors' Responsibilities (set out on page 15), the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor 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.

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

## **Downside School**

### **Independent Auditor's Report to the Members of Downside School**

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.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.


We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### **Use of our report**

This report is made solely to the charitable company's Governors, 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 charity's Governors 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 its Governors as a body, for our audit work, for this report, or for the opinions we have formed.

**Downside School**

**Independent Auditor's Report to the Members of Downside School**



.....  
Guy Biggin (Senior Statutory Auditor)  
For and on behalf of Crowe U.K. LLP, Statutory Auditor  
4th Floor, St. James' House  
St. James' Square  
Cheltenham  
GL50 3PR

Date: 31 August 2023



## Downside School

**Statement of Financial Activities for the Year Ended 31 August 2022**  
**(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

		Unrestricted funds £	Restricted funds £	Total 31 August 2022 £
	Note			
<b>Income and Endowments from:</b>				
Donations and legacies	3	662,368	126,625	788,993
Charitable activities	2	8,760,448	-	8,760,448
Other trading activities	5	139,043	-	139,043
Investment income		5,131	-	5,131
Other income	6	403,335	-	403,335
Total income		<u>9,970,325</u>	<u>126,625</u>	<u>10,096,950</u>
<b>Expenditure on:</b>				
Raising funds		(392,756)	-	(392,756)
Charitable activities	7	<u>(10,337,549)</u>	<u>-</u>	<u>(10,337,549)</u>
Total expenditure		<u>(10,730,305)</u>	<u>-</u>	<u>(10,730,305)</u>
Gains/losses on investment assets		<u>55,200</u>	<u>-</u>	<u>55,200</u>
Net (expenditure)/income		<u>(704,780)</u>	<u>126,625</u>	<u>(578,155)</u>
Net movement in funds		(704,780)	126,625	(578,155)
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>(1,873,670)</u>	<u>-</u>	<u>(1,873,670)</u>
Total funds carried forward	18	<u><u>(2,578,450)</u></u>	<u><u>126,625</u></u>	<u><u>(2,451,825)</u></u>

The notes on pages 27 to 45 form an integral part of these financial statements.

## Downside School

**Statement of Financial Activities for the Year Ended 31 August 2022**  
**(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

		Unrestricted funds £	Total 1 February to 31 August 2021 £
	Note		
<b>Income and Endowments from:</b>			
Donations and legacies	3	265,497	265,497
Charitable activities	2	3,981,088	3,981,088
Other trading activities	5	78,399	78,399
Investment income		1,467	1,467
Other income	6	<u>59,867</u>	<u>59,867</u>
Total income		<u>4,386,318</u>	<u>4,386,318</u>
<b>Expenditure on:</b>			
Raising funds		(338,046)	(338,046)
Charitable activities	7	<u>(5,261,095)</u>	<u>(5,261,095)</u>
Total expenditure		(5,599,141)	(5,599,141)
Gains/losses on investment assets		<u>3,516</u>	<u>3,516</u>
Net expenditure		<u>(1,209,307)</u>	<u>(1,209,307)</u>
Net movement in funds		(1,209,307)	(1,209,307)
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>(664,363)</u>	<u>(664,363)</u>
Total funds carried forward	18	<u>(1,873,670)</u>	<u>(1,873,670)</u>

All of the charity's activities derive from continuing operations during the above two periods.

The notes on pages 27 to 45 form an integral part of these financial statements.



## Downside School

(Registration number: 11751009)  
Balance Sheet as at 31 August 2022

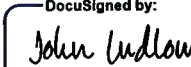
	Note	31 August 2022 £	31 August 2021 £
<b>Fixed assets</b>			
Tangible assets	11	2,111,430	1,860,286
Investments	12	<u>117,000</u>	<u>227,413</u>
		<u>2,228,430</u>	<u>2,087,699</u>
<b>Current assets</b>			
Stocks	13	125,456	117,044
Debtors	14	919,327	913,483
Cash at bank and in hand		<u>1,027,449</u>	<u>996,913</u>
		2,072,232	2,027,440
<b>Creditors: Amounts falling due within one year</b>	15	<u>(4,485,662)</u>	<u>(3,637,213)</u>
<b>Net current liabilities</b>		<u>(2,413,430)</u>	<u>(1,609,773)</u>
<b>Total assets less current liabilities</b>		(185,000)	477,926
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(2,266,825)</u>	<u>(2,351,596)</u>
<b>Net liabilities</b>		<u>(2,451,825)</u>	<u>(1,873,670)</u>
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds		126,625	-
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>(2,578,450)</u>	<u>(1,873,670)</u>
<b>Total funds</b>		<u>(2,451,825)</u>	<u>(1,873,670)</u>

The notes on pages 27 to 45 form an integral part of these financial statements.

**Downside School**

**(Registration number: 11751009)**  
**Balance Sheet as at 31 August 2022**

The financial statements on pages 21 to 45 were approved by the Governors, and authorised for issue on 30 August 2023 and signed on their behalf by:

DocuSigned by:  
  
.....F55292F45996422.....  
J M Ludlow  
Governor

The notes on pages 27 to 45 form an integral part of these financial statements.

## Downside School

## Statement of Cash Flows for the Year Ended 31 August 2022

	Note	Year ended 31 August 2022 £	1 February to 31 August 2021 £
<b>Cash flows from operating activities</b>			
Net cash expenditure		(578,155)	(1,209,307)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		359,265	215,536
Revaluation of investments		<u>(55,200)</u>	<u>(3,516)</u>
		(274,090)	(997,287)
<b>Working capital adjustments</b>			
Increase in stocks	13	(8,412)	(117,044)
(Increase)/decrease in debtors	14	(5,844)	1,188,519
Increase in creditors	15	430,251	141,334
Increase/(decrease) in deferred income	16	<u>411,807</u>	<u>(284,134)</u>
Net cash flows from operating activities		<u>553,712</u>	<u>(68,612)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	11	(610,409)	(411,645)
Acquisition of investments in subsidiary undertakings	12	-	(1)
Disposal of investments in subsidiary undertakings		-	1
Sale of investments		<u>165,613</u>	<u>-</u>
Net cash flows from investing activities		<u>(444,796)</u>	<u>(411,645)</u>
<b>Cash flows from financing activities</b>			
Value of new loans obtained during the period		-	500,000
Repayment of loans and borrowings	15	<u>(78,380)</u>	<u>(572,402)</u>
Net cash flows from financing activities		<u>(78,380)</u>	<u>(72,402)</u>
Net increase/(decrease) in cash and cash equivalents		30,536	(552,659)
Cash and cash equivalents at 1 September 2021		<u>996,913</u>	<u>1,549,572</u>
Cash and cash equivalents at 31 August 2022		<u>1,027,449</u>	<u>996,913</u>

The notes on pages 27 to 45 form an integral part of these financial statements.

**Downside School****Statement of Cash Flows for the Year Ended 31 August 2022**

	<b>Year ended 31 August 2022 £</b>	<b>1 February to 31 August 2021 £</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(decrease) in cash	30,536	(552,659)
Cash outflow from repayment of loans	<u>(78,380)</u>	<u>(72,402)</u>
Change in net debt resulting from cash flows	(47,844)	(625,061)
Net funds at 1 September 2021 and 1 February 2021	<u>996,913</u>	<u>1,549,572</u>
Net funds at 31 August 2022 and 31 August 2021	<u>949,069</u>	<u>924,511</u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 27 to 45 form an integral part of these financial statements.

## **Downside School**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **1 Accounting policies**

##### **Company information**

Downside School is a charity, registered number 1184700, is a Public Benefit Entity registered as a Charity in England and Wales and is a Company Limited by Guarantee.

The accounting policies of the School, which have been applied consistently throughout the year, are listed below.

##### **Basis of accounting**

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

The financial statements are prepared in sterling, which is the functional currency of the School. Monetary amounts in these financial statements are rounded to the nearest pound.

##### **Going concern**

The Governors have prepared the financial statements on a going concern basis as, in their opinion, the School is able to meet its obligations as they fall due.

The School is forecasting surpluses in both the 2023 and 2024 financial years however will not return to positive cashflows until September 2024. The School is mindful of the 'cost of living' and inflation-related pressures faced, together with some political and economic uncertainty that might adversely affect pupil recruitment. This has been factored into its financial forecasts and planning through to August 2025. Cash availability is dependent on the receipt of the final donation due from Downside Abbey General Trust in the 2024 financial year, together with much improved fee debtor collection and control of costs.

These conditions, however indicate that a material uncertainty exists that may cast significant doubt on the School's ability to continue as a going concern.

## **Downside School**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

To mitigate this the School has taken steps to increase pupil recruitment and retention, including plans to refurbish an existing building to provide a new sixth form centre to help retain more pupils post-GCSE and attract local day pupils into the sixth form. This work will be completed during the 2024 financial year using capital investment funds allocated under the School's catering contract.

The School has also agreed with Downside Abbey General Trust to repurpose the £4 million that was due to the School under the Separation Agreement to ensure the School has sufficient resources to meet its operational needs and to ensure the repayment of the bank loan by August 2024. In addition, Downside Abbey General Trust has undertaken to repay the loan and to make all capital repayments and interest payments from 1 September 2023 until the date when the loan is repaid in full.

Robust financial controls have been implemented to ensure the timely collection of fee debtors and to ensure that costs are contained and kept in line with budget, together with regular financial reporting to monitor performance.

Having considered all of the above, the Governors consider that it is appropriate that the accounts are prepared on a going concern basis and are confident that the measures being taken will secure the future of the School.

#### **Incoming resources**

Income is recognised in the period in which the School is entitled to receipt and the amount can be measured with reasonable certainty.

Fees receivable and charges for services and use of the premises are accountable for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School. The School offers means tested bursaries and scholarships which carry a monetary value of remission which is deducted from gross fees. Discounts are also offered to siblings of current pupils, military families and pupils whose parents and grandparents previously attended the School.

#### ***Donations and legacies***

Donations and any associated income tax reclaimable from HM Revenue and Customs are recognised on a receivable basis. Donations received for the general purpose of the Charity are credited to unrestricted funds. Donations subject to specific wishes are carried to relevant restricted funds.

Legacies are accounted for as they are received or if, before receipt, it becomes reasonably certain that the legacy will be received and the value of the legacy can be measured with reasonable certainty.

## Downside School

### Notes to the Financial Statements for the Year Ended 31 August 2022

#### ***Grants receivable***

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

#### **Resources expended**

Resources expended are accounted for in the period in which they are incurred. Any irrecoverable element of Value Added Tax is included with the item of expense to which it relates.

Where an item of expenditure falls directly within one cost category, it is attributed to that category only. Where expenditure involves more than one category, it is apportioned on a reasonable and justifiable basis.

#### **Governance costs**

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

#### **Tangible fixed assets**

Tangible assets are held on the balance sheet at cost less accumulated depreciation. Cost includes the purchase price of the asset plus all costs incurred in bringing the asset in to use. Subsequent expenditure is capitalised where it extends the life or increases the value of the asset.

#### **Depreciation and amortisation**

Tangible fixed assets are depreciated on a straight line basis over the following periods:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Equipment, fixtures and fittings	3 to 20 years straight line
Motor vehicles	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

## **Downside School**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **Listed investments**

Investments are shown in the balance sheet at market value at the balance sheet date.

Realised and unrealised gains and losses on investment assets are included in the Statement of Financial Activities in the year in which they arise. Investment income is credited to income on an accruals basis.

#### **Trade debtors**

Debtors are recognised at the corresponding transaction value.

#### **Trade creditors**

Creditors are recognised where the School has a present obligation which results from a past event that in all probability, will result in the transfer of funds to a third party and the amount due to settle the obligation can be reliably measured.

#### **Deferred income**

The School offers parents the opportunity to pay for up to five years tuition fees in advance in accordance with a written contract. This is treated as deferred income until the pupil joins the School whereupon, the fee for each School term are charged against the remaining balance and taken to income. All amounts are included within creditors due within one year as the amounts are repayable on demand if the pupil leaves.

#### **Retirement benefits**

Prior to 31 December 2020, the School contributed to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. That Scheme is a multi employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS 17, the Scheme has been accounted for as a defined contribution scheme.

The School exited the Teachers' Pension Scheme with effect from 31 December 2020 and a new defined contribution scheme with Aviva has been provided in its place.

All other pension arrangements are defined contribution schemes where the assets of the schemes are held separately from those of the School in an independently administered fund.

In all cases, the pension cost charges represent contributions payable by the School to the fund.



## **Downside School**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **Charitable funds**

Unrestricted funds are available for use at the discretion of the Governors in furtherance of the general objectives of the School and have not been designated for other purposes.

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

#### **Critical accounting judgements and estimation uncertainty**

The following are considered to be critical accounting judgements made in applying the School's accounting policies:

The following significant estimates and assumptions have been made in applying the School's accounting policies:

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives of assets. Estimated lives are reassessed annually and considered to reflect the remaining life of an asset.

The School makes an estimate of the recoverable value of trade and other debtors. Factors such as the ageing profile of the debtors and historical experience are taken into account. Bad debts are considered on a case by case basis by taking into account the likelihood of recovery. Debts are written off by approval of the Governors if this is deemed appropriate.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

#### **Government grants**

Government grants, as received in 2021 and relating to the UK Government's Covid Job Retention Scheme, are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

## 2 Income from charitable activities

	Unrestricted funds £	31 August 2022 £	1 February to 31 August 2021 £
Fee income	<u>8,760,448</u>	<u>8,760,448</u>	<u>3,981,088</u>

Fee income comprises of the following:

	31 August 2022 £	1 February to 31 August 2021 £
Gross fees	11,281,388	5,495,371
Less: total scholarships, bursaries and fee assistance	(2,717,046)	(1,656,179)
Other fee income	177,452	134,959
Registration fees	<u>18,654</u>	<u>6,937</u>
	<u>8,760,448</u>	<u>3,981,088</u>

## 3 Donations and legacies

	Unrestricted funds £	Restricted £	31 August 2022 £	1 February to 31 August 2021 £
Donations and gifts	662,368	126,625	788,993	167,645
Grants, including capital grants;				
Government grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,852</u>
	<u>662,368</u>	<u>126,625</u>	<u>788,993</u>	<u>265,497</u>

Government grant income relates to the Covid Job Retention Scheme.

Donations includes £300,000 received from Downside Abbey General Trust (2021: £Nil).

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

**4 Net expenditure**

The net expenditure for the period is stated after charging:

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Depreciation	359,265	214,230
Auditors remuneration	18,870	42,880
Loan interest	85,684	59,316
Bank charges	17,165	2,468
Bad debt provision	57,001	42,540
	<u>537,985</u>	<u>361,434</u>

**5 Income from other trading activities**

	<b>Unrestricted funds</b>	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Trading income;			
School shop	96,935	96,935	78,399
Pitch and nets hire	1,175	1,175	-
Events income;			
Shows and events	160	160	-
Recharges to Downside Abbey General Trust	40,773	40,773	-
	<u>139,043</u>	<u>139,043</u>	<u>78,399</u>

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

## 6 Other income

	Unrestricted funds £	Total Funds 31 August 2022 £	Total 1 February to 31 August 2021 £
Fees and supplies	19,344	19,344	-
Rental income	383,991	383,991	-
Other income	-	-	59,867
	<u>403,335</u>	<u>403,335</u>	<u>59,867</u>

## 7 Expenditure on charitable activities

	Teaching	Welfare	Premises	Support	Total year ended 31 August 2022	Total 1 February to 31 August 2021
Staff costs	3,947,322	785,574	448,371	922,238	6,103,505	3,286,240
Expenditure on raising funds	-	-	-	392,756	392,756	339,353
Depreciation and impairment	-	-	355,027	-	355,027	215,537
Other costs	441,591	1,230,925	1,203,530	861,876	3,737,922	1,671,037
Governance costs	-	-	-	141,095	141,095	86,947
	<u>4,388,913</u>	<u>2,016,499</u>	<u>2,006,928</u>	<u>2,317,965</u>	<u>10,730,305</u>	<u>5,599,114</u>
<b>Analysis by fund</b>						
Unrestricted funds	<u>4,388,913</u>	<u>2,016,499</u>	<u>2,006,928</u>	<u>2,317,965</u>	<u>10,730,305</u>	-
<b>For the period 1 February to 31 August 2021</b>						
Unrestricted funds	<u>2,386,430</u>	<u>914,427</u>	<u>1,008,172</u>	<u>1,290,112</u>	-	<u>5,599,141</u>

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

**8 Analysis of governance and support costs****Governance costs**

	<b>Unrestricted funds £</b>	<b>31 August 2022 £</b>	<b>1 February to 31 August 2021 £</b>
Audit fees			
Audit of the financial statements	18,870	18,870	42,880
Legal and professional fees	119,578	119,578	43,602
Governors expenses	2,646	2,646	492
	<u>141,094</u>	<u>141,094</u>	<u>86,974</u>

**9 Staff costs**

The aggregate payroll costs were as follows:

	<b>31 August 2022 £</b>	<b>1 February to 31 August 2021 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	5,011,405	2,708,125
Social security costs	464,854	241,813
Pension costs	522,749	298,769
Other staff costs	104,497	37,533
	<u>6,103,505</u>	<u>3,286,240</u>

## Downside School

### Notes to the Financial Statements for the Year Ended 31 August 2022

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year was as follows:

	<b>31 August 2022 No</b>	<b>1 February to 31 August 2021 No</b>
Teaching	70	64
Other	127	125
	<u>197</u>	<u>189</u>

Key management personnel of the School are deemed to be the Senior Leadership Team. The total amount paid to key management personnel, including employers pension, National Insurance contributions and any benefits in kind was £552,953 (seven months to 31 August 2021 - £386,741).

The Governors received no remuneration. Governors were reimbursed travel and training expenses totalling £2,646 (seven months to 31 August 2021- £492).

The number of employees whose emoluments fell within the following bands was:

	<b>31 August 2022 No</b>	<b>1 February to 31 August 2021 No</b>
£60,001 - £70,000 per annum	2	4
£70,001 - £80,000 per annum	1	1
£120,001 - £130,000 per annum	-	1
£130,001 - £140,000	<u>1</u>	<u>-</u>

The pension contributions included within the above bands amounts to £58,936 (seven months to 31 August 2021 - £38,193).

During the year termination payments were made totalling £5,630 (period to 31 August 2021: £Nil).

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

**10 Taxation**

The School is a registered charity and as such, is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the School's primary objectives if these profits and surpluses are applied solely for charitable purposes.

**11 Tangible fixed assets**

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 September 2021	177,476	2,398,918	4,000	2,580,394
Additions	<u>243,547</u>	<u>366,862</u>	<u>-</u>	<u>610,409</u>
At 31 August 2022	<u>421,023</u>	<u>2,765,780</u>	<u>4,000</u>	<u>3,190,803</u>
<b>Depreciation</b>				
At 1 September 2021	1,075	717,766	1,267	720,108
Charge for the year	<u>3,438</u>	<u>355,027</u>	<u>800</u>	<u>359,265</u>
At 31 August 2022	<u>4,513</u>	<u>1,072,793</u>	<u>2,067</u>	<u>1,079,373</u>
<b>Net book value</b>				
At 31 August 2022	<u>416,510</u>	<u>1,692,987</u>	<u>1,933</u>	<u>2,111,430</u>
At 31 August 2021	<u>176,401</u>	<u>1,681,152</u>	<u>2,733</u>	<u>1,860,286</u>

**12 Fixed asset investments**

	31 August 2022 £	1 February to 31 August 2021 £
Other investments	<u>117,000</u>	<u>227,413</u>

## Downside School

### Notes to the Financial Statements for the Year Ended 31 August 2022

#### Other investments

	Listed investments £	Unlisted investments £	Total £
<b>Cost or Valuation</b>			
At 1 September 2021	61,800	165,613	227,413
Revaluation	55,200	-	55,200
Disposals	-	(165,613)	(165,613)
At 31 August 2022	<u>117,000</u>	<u>-</u>	<u>117,000</u>
<b>Net book value</b>			
At 31 August 2022	<u>117,000</u>	<u>-</u>	<u>117,000</u>
At 31 August 2021	<u>61,800</u>	<u>165,613</u>	<u>227,413</u>

Downside School held a beneficial interest in an unlisted investment fund jointly with Downside Abbey General Trust. The School had a 22% beneficial interest in this joint holding.

The listed investment represents a beneficial interest in 6,000 shares held in Telecom Plus PLC.

#### 13 Stock

	31 August 2022 £	1 February to 31 August 2021 £
School shop	<u>125,456</u>	<u>117,044</u>



## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

**14 Debtors**

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	367,616	594,422
Prepayments and accrued income	391,649	217,587
Other debtors	160,062	101,474
	<u>919,327</u>	<u>913,483</u>

Trade debtors above are stated net of bad debt provisions totalling £181,928 (period to August 2021 - £180,575)

**15 Creditors: amounts falling due within one year**

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Bank borrowings	154,517	148,126
Trade creditors	352,500	104,694
Other taxation and social security	221,139	168,271
Other creditors	1,320,588	1,308,307
Accruals	497,396	380,100
Fees in advance	1,657,701	1,340,596
Advance fees scheme	281,821	187,119
	<u>4,485,662</u>	<u>3,637,213</u>

**Downside School****Notes to the Financial Statements for the Year Ended 31 August 2022**

Fees received under the fees in advance scheme will be applied as follows:

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Within 1 to 2 years	129,073	116,980
Within 2 to 5 years	152,748	70,139
	<u>281,821</u>	<u>187,119</u>

The advanced fees balance represents the accrued liability under the contracts. Capital movements during the period were:

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Balance brought forward	187,119	297,036
New contracts	190,192	-
Amounts utilised	(95,490)	(109,917)
	<u>281,821</u>	<u>187,119</u>

**16 Creditors: amounts falling due after one year**

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Bank loan	<u>2,266,825</u>	<u>2,351,596</u>

## Downside School

### Notes to the Financial Statements for the Year Ended 31 August 2022

The bank loan was adopted as part of the separation of the School from Downside Abbey General Trust and has a term of five years from the separation date. The bank loan is secured against the main School site which is leased from Downside Abbey General Trust for a period of 125 years.

The ageing of the bank loan falls to be repaid as follows:

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
Due within one year	154,517	148,126
Due within one to two years	2,266,825	154,517
Due within three to five years	-	2,197,079
	<u>2,421,342</u>	<u>2,499,722</u>

#### **17 Obligations under leases and hire purchase contracts**

The annual commitments under non-cancellable operating leases were:

	<b>31 August 2022</b>	<b>1 February to 31 August 2021</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
Within one year	273,940	334,758
Between one and five years	1,629,167	1,383,633
After five years	49,158,331	50,220,832
	<u>51,061,438</u>	<u>51,939,223</u>
<b>Fixtures and fittings</b>		
Within one year	33,941	35,620
Between one and five years	28,661	18,057
	<u>62,602</u>	<u>53,677</u>

Operating leases for land and buildings principally relate to the long term lease granted by Downside Abbey General Trust for the School premises.

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

## 18 Funds

	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 August 2022 £
<b>Unrestricted funds</b>					
<i>Unrestricted funds</i>					
Unrestricted funds	(1,873,670)	9,970,325	(10,730,305)	55,200	(2,578,450)
<b>Restricted funds</b>					
Sill Organ Scholarship	-	126,625	-	-	126,625
<b>Total funds</b>	<u>(1,873,670)</u>	<u>10,096,950</u>	<u>(10,730,305)</u>	<u>55,200</u>	<u>(2,451,825)</u>
	Balance at 1 February 2021 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>					
<i>Unrestricted funds</i>					
Unrestricted funds	<u>(664,363)</u>	<u>4,386,318</u>	<u>(5,599,141)</u>	<u>3,516</u>	<u>(1,873,670)</u>

## Downside School

## Notes to the Financial Statements for the Year Ended 31 August 2022

## 19 Analysis of net liabilities between funds

	Unrestricted funds £	Restricted funds £	Total funds 31 August 2022 £
Tangible fixed assets	2,111,430	-	2,111,430
Fixed asset investments	117,000	-	117,000
Net current assets	(2,540,055)	126,625	(2,413,430)
Creditors over 1 year	<u>(2,266,825)</u>	<u>-</u>	<u>(2,266,825)</u>
Total net liabilities	<u>(2,578,450)</u>	<u>126,625</u>	<u>(2,451,825)</u>

	Unrestricted funds £	Total funds 31 August 2021 £
Tangible fixed assets	1,860,286	1,860,286
Fixed asset investments	227,413	227,413
Net current assets	(1,609,773)	(1,609,773)
Creditors over 1 year	<u>(2,351,596)</u>	<u>(2,351,596)</u>
Total net liabilities	<u>(1,873,670)</u>	<u>(1,873,670)</u>

## 20 Pension and other schemes

The School has participated in the following pension schemes:

- a) The Teacher's Pension Scheme (defined benefit); and
- b) Defined contribution pension schemes, the assets of which are held separately from those of the School in independently administered funds.

The total pension cost charge represents contributions payable by the School to these schemes as follows:

	31 August 2022 £	1 February to 31 August 2021 £
Defined contribution schemes	<u>522,749</u>	<u>298,769</u>

## Downside School

### Notes to the Financial Statements for the Year Ended 31 August 2022

The following amounts had not been paid to the schemes at the year-end:

	31 August 2022	1 February to 31 August 2021
	£	£
Defined contribution schemes	<u>128,215</u>	<u>12,109</u>

#### 21 Contingent assets

As part of the School's separation Agreement, Downside Abbey General Trust undertook to contribute funds towards maintenance works to be carried out on the School estate. These works were capped at £4 million, with payments receivable as works were carried out. However, in order to support the School as it recovers from the COVID pandemic and seeks to re-establish profitability and positive cash flow, Downside Abbey General Trust has formerly agreed to repurpose this contribution in the form of actual donations of £1 million and reduced rent of premises from £425,000 to £212,500 annually up to 31 December 2023. It has further undertaken to meet all interest and principal repayment obligations from 1 September 2023 under the loan in the School's name and to arrange its repayment in full by August 2024, of which £2.4 million is currently outstanding. Contribution of the balance up to £4 million is to be clarified, with the intention of it being used to support the School.

#### 22 Financial instruments

Financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are valued at fair value. Financial assets held at amortised cost comprise of cash at bank and in hand, together with trade and other debtors and fee debtors. A specific provision is made for debts where recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital.

Financial liabilities held at amortised cost comprise of all creditors except social security and other taxes and provisions.

Financial assets held at amortised costs total £4,183,662 (31 August 2021 - £3,887,726) and held at fair value total £117,000 (31 August 2021 - £227,413).

Financial liabilities held at amortised costs total £6,752,487 (31 August 2021 - £5,988,809).

## **Downside School**

### **Notes to the Financial Statements for the Year Ended 31 August 2022**

#### **23 Related party transactions**

During the year ended 31 August 2022, transactions totalling £667,791 (seven months ended 31 August 2021 - £408,547) were paid to Downside Abbey General Trust where Very Rev Dom Nicholas P Wetz is a Trustee and controller of the Trust. The charges relate to services provided to the School and were charged at market value.

During the year ended 31 August 2022, costs were recharged to Downside Abbey General Trust of £40,773 (seven month period to 31 August 2021 - £18,699)

As at the balance sheet date the amount due to the School from Downside Abbey General Trust was £58,336 (31 August 2021 - £23,673).

The School reimbursed expenses to three directors totalling £636 (seven months ended 31 August 2021 - £Nil) during the year.

The School paid a total of £2,010 (seven months ended 31 August 2021 - £492) in Governors' expenses, during the year for the benefit of all Governors.



