

NETHERHALL EDUCATIONAL ASSOCIATION

(Limited by Guarantee)

Company No. 793583

**Registered as a charity in England and Wales (No. 236586)
and in Scotland (No. SC039209)**

TRUSTEES' REPORT

AND

AUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th SEPTEMBER 2020

Netherhall Educational Association
(Limited by Guarantee)
Company Information

Trustees

X. Bosch, BA, FCA (chairman)
C.G. Cobb, BA (to 16 March 2020)
A.J. Curtis, MA, PhD
A.J. Hegarty, MA, DPhil
J.M. Mirabal, MA, FCMA
E.A.V Thompson (from 16 March 2020)
A. Tucker
J. Valero, MSc, DIC

Secretary

J.P. Covenden, BA, LL.B

Auditors

Price Bailey LLP
3rd Floor, 24 Old Bond St
Mayfair
London
W1S 4AP

Bankers

HSBC Bank plc
69 Pall Mall
London
SW1Y 5EZ

Solicitors

Dechert LLP
160 Queen Victoria Street
London
EC4V 4QQ

Registered Office

18a Netherhall Gardens
London
NW3 5TH

Netherhall Educational Association

(Limited by Guarantee)

Trustees' Annual Report

The Trustees, who are the company directors of Netherhall Educational Association (NEA), submit their Annual Report together with the Accounts and Auditors' report for the year ended 30th September 2020. The Trustees during the year ended 30th September 2020 were those listed on page 1. The Trustees remained unchanged at the date the accounts were signed.

Netherhall Educational Association is a company limited by guarantee (No. 793583), its governing document being the Memorandum and Articles of Association last amended on 16th March 2008. It is a registered charity in England & Wales (No. 236586) and in Scotland (No. SC039209). The financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

The Trustees form the Council of NEA, which has power to appoint new Trustees who serve until such time as they resign or are required to withdraw as stipulated by the Council. New Trustees are recruited from among NEA's volunteers and supporters, with a view to achieving a balance of skills and talents. They are provided with Charity Commission guidance on the roles and responsibilities of charity trustees, and they also receive informal training designed to supplement the knowledge and training they have already received from participation in the activities of NEA. Note 6b of the financial statements explains the structure of governance and management within the Charity.

Objects and Activities

The objects of NEA are the advancement of education and learning and the training of character in accordance with Christian principles and ideals.

To achieve this, NEA aims to provide all-round formation for people of all ages, especially the young, to help them develop their talents to the full and use them in the service of society.

This personal development is seen as a harmonious union of all the following components:

- *academic and professional development* which enables men and women to do their work well, and to be more aware that study and work are principal means both of personal growth and of serving others;
- *social development* which promotes understanding and empathy with others regardless of background, race or creed, and fosters friendships and co-operation across cultural divides;
- *character development* which is founded on human virtues such as sincerity, loyalty, self-discipline, service to others and a spirit of hard work, with a deep appreciation of personal freedom and the corresponding responsibility; and
- *spiritual development* which allows men and women to find God in their family and working lives and to practise Christian principles and ideals.

Activities and Public benefit

To achieve the aims set out above, NEA

- owns and operates a variety of centres in Great Britain, including halls of residence for students in higher education, clubs with study facilities for young people, vocational training centres, and venues for residential courses and seminars;
- supports a number of educational and social projects outside Great Britain whose aims are consonant with its own.

The Trustees confirm that in accordance with section 17 of the Charities Act 2011 they have due regard to public benefit guidance published by the Charity Commission. They confirm that the all-round formation imparted in and from the centres of NEA is for the benefit of the public in general.

All the activities – including those of religious formation, which are entrusted to Opus Dei, a personal prelature of the Catholic Church – are open to all who wish to participate, regardless of race, creed, or social background.

Outreach in the form of the promotion of formational activities outside NEA's centres means that participation is available to many more people than those who live in the residential centres or attend the clubs regularly.

**Netherhall Educational Association
(Limited by Guarantee)
Trustees' Annual Report (continued)**

Strategic Report

Achievements and Performance

In order to assess how successful it has been each year in meeting its aims, NEA has established a number of measures for its rolling plan which is updated each year. Performance against the targets which were approved for 2019/20 is described under the four headings shown in the Review of Performance.

Plans for Future Periods

Since the end of 2019/20 and during the preparation of this Report, the effects of the Covid-19 pandemic have been felt. Control measures have resulted in the need to close the doors of the halls of residence and conference centre, with resulting loss of income.

However, the Trustees take the view that, as the disruption will inevitably come to an end, at this point there is no reason to believe that, with suitable cash-flow management, the loss of income will threaten long-term sustainability of the charity. NEA enjoys a wide base of supporters who work voluntarily in the delivery of charitable objectives as well as advising and supporting the Trustees in governance and management. They are aware that the charity has gone forward with the help of generous individuals – often of modest circumstances – rather than the general cash-strapped public.

NEA will later in 2021 be re-considering its strategic plans in the light of performance in 2019/2020.

Review of Performance

The Activities of the Centres

Target: in each centre a programme of activities for the benefit of the charity's beneficiaries.

The effect of the hygiene restrictions imposed by HM Government in response to the Covid-19 pandemic came into effect halfway through the financial year 2019/20. This resulted in both Netherhall House and Wickenden Manor closing their doors for the final term of the academic year, with only a small number of residents who had chosen to self-isolate remaining there. The much smaller Grandpont House remained full of mostly graduate students who were able to continue their research. At Orme Court the refurbishment works which had started continued with suitable safety measures.

All the centres were remained closed to those who usually attended activities there. However, an extensive programme of activities was conducted on-line for both previous attenders and a considerable number of new contacts.

Target: each centre to work within its headline (break-even) budget carrying out prudent measures for the upkeep of the fabric and equipment.

There was close liaison between the Executive Committee of trustees and the management committees of the centres, identifying the extent to which operational savings and additional funding streams could be found. Where centres would not be able to meet their budgeting break-even, subsidies from reserves were made. Extensive planning was carried out over the summer of 2020 to how to maximise occupancy of the halls of residence and the conference centre as restrictions might change in 2020/21.

The opportunity was taken to undertake whatever routine maintenance work proved possible, and the refurbishment project at Orme Court continued towards completion.

Support for International Projects

Target: obtain funding to provide support for selected projects consonant with NEA's objectives.

During 2019/2020, NEA received donations, including associated *GiftAid*, of £1,230 representing regular payments for the *Saxum* Project which is now completed. NEA will be finalising a final grant during 2021. No applications from other projects were received during the year and the Trustees intend to award a grant of £57,600 to the KDT - Ugwuoma Study Centre, Enugu, Nigeria out of funds received in previous years.

Netherhall Educational Association
(Limited by Guarantee)
Trustees' Annual Report (continued)

Financial Review

Financing

As explained above NEA had to close the doors of the halls of residence and conference centre, with resulting loss of income. This should be borne in mind as regards the following previously established targets.

Target: raising of donations that will enable the repayment of the loans by which NEA has financed the acquisition of its premises and major refurbishments.

During the year regular donations from supporters of £1,170,960.52 compared to £1,284,313 the previous year. Although the economic effect of the pandemic is felt throughout the population, the Trustees believe there is a wide base of supporters who contribute to the funds of NEA as well as working voluntarily in the delivery of charitable objectives. They expect the charity will be able to go forward with the help of generous individuals – often of modest circumstances – rather than the general cash-strapped public. One-off donations of £78,000 compared to £218,100 the previous year

Target: the administration of other income streams which enable capital repayments to be made.

Income from Charitable Activities was £644,699 in 2019/20 compared to £1,056,525 the previous year, due in part to reduced occupancy in one of the halls of residence. Overall, NEA was able to add £292,373 to its reserves, before investment gains. The Trustees regard this as a satisfactory position as regards commitments to capital repayments.

The administrative costs of running the charity continue to be very low, due to our broad base of skilled volunteers who carry out much of the work for each of the centres and for the running of the charity as a whole: Note 6 to the Accounts reflects the fact that only one of the nine centres has paid administrative staff and the head office functions with only two paid employees.

Development of existing and new centres

Target: the development of existing and new centres with funding arranged and repayment plans in place.

In April 2019 the works at 'Edenbrook', NEA's new study centre in Beckenham, were sufficiently advanced for NEA to begin to occupy and use the premises. Activities of professional and family formation began with the assistance of NEA supporters in the area, began during 2016/17 and progressed over subsequent years. Work continued to prepare the planning application for the extension and refurbishment of Grandpont House in Oxford. Short-term tenancies were also arranged at the small property in Cambridge to contribute towards mortgage repayments.

Risk Management

The Trustees are aware that NEA's activities depend for their continuance on voluntary income from regular and one-off donations. By the nature of NEA and its work, these donations proceed in the main from long-term supporters committed to on-going help for the activities carried out from the centres which they are funding. The Trustees make extensive efforts, personally and through others, to maintain a continual relationship with these supporters and to increase their number.

The Trustees have furthermore undertaken an assessment of the risks, both operational and financial, to which NEA is exposed. They believe they have procedures in place to manage and reduce risks:

- to human life and welfare, by the adoption of health & safety policies and training;
- to young or vulnerable people, by having in place suitable policies and procedures;
- to incoming resources from rental income, by suitable insurance;
- to operational and investment tangible assets, by appropriate maintenance and insurance; and
- to charity resources, by appropriate control procedures.

The Trustees believe they are thereby addressing the main risks to the continuance of NEA and its activities and taking measures consistent with the nature of the Charity and its resources. Future risk assessments will naturally take into account the effects of the Covid-19 pandemic.

Netherhall Educational Association
(Limited by Guarantee)
Trustees' Annual Report (continued)

Review of Subsidiaries

The principal activity of Netherhall Residences plc and New Netherhall Residences plc is the provision of the rented accommodation aspect of the hall of residence at Netherhall House. Their separate financial statements are summarised in Note 10. The final pre-tax positions of losses of £54,161 and £12,585 respectively are considered satisfactory when seen in the light of the overall operation of Netherhall House. The Trustees continue to review the possible tax implications if these two companies were not to continue. Over the next twelve months the leases held by these two subsidiaries will be surrendered and these companies closed.

Netherhall International College provides short courses in English during the summer vacation at Netherhall House. Due to Covid restrictions no courses were held in 2020, and the Company was dormant.

Investment Policy

During 2011/12, NEA was gifted UK and overseas equities with a market value at the time of acceptance of £71,348. At that time the Trustees decided to retain these holdings in the expectation of annual income and capital growth. They review this decision regularly.

In 2017, NEA purchased The Cedars, a secondary day school in Croydon, Surrey. It is leased to PACT Educational Trust Ltd, the previous owners who continue to operate the school. The Trustees consider this to be a strategic investment as PACT shares very similar aims and objectives to those of NEA. The financial operation of the school is such that the rental charged is at least sufficient to cover the repayments on the bank loan which NEA took out to purchase the school.

NEA also holds as investments buildings which it has acquired on sites adjacent to its operational properties. The rental income from these properties have helped service the mortgage or other loans with which the properties were purchased. In the longer term these properties may become premises from which NEA will carry out its charitable activities.

Reserves Policy

Total reserves at 30th September 2020 amounted to £29,748,091 of which £101,716 were restricted. The Trustees have designated £538,292 for two named memorial funds generally in support of students, and £30,425,669 representing the net book value of NEA's operational and investment properties less associated outstanding borrowings. At 30th September 2020 free unrestricted funds showed a deficit of £779,294 (2019 £415,118 deficit). Thus, NEA has no free unrestricted funds at the end of 2019/20, due primarily to having to severely reduced numbers in the halls of residence and conference centre and the purchase of significant fixed assets the previous year. NEA's ongoing policy is to work towards a situation where year-on-year surpluses can be added to the free reserves to support both NEA's on-going operations and its commitments in respect of its fixed assets. This policy will be reviewed annually.

As explained in Note 2 to the Financial Statements the Trustees take the view that the NEA is a going concern. NEA enjoys a wide base of supporters who work voluntarily and give generously to the Charity and therefore continues to adopt the going concern basis in preparing its financial statements.

(Limited by Guarantee)
Trustees' Annual Report (continued)

Statement on Fundraising

NEA obtains its voluntary income predominantly from its supporters and those who participate in its activities. It does not make appeals to the general public. The Trustees consider that they do not need to seek membership of a fundraising regulator or make other arrangements regarding complaints or the protection of vulnerable people in this area. Thus they are satisfied that they comply as applicable with the requirements of The Charities (Protection and Social Investment) Act 2016.

Statement of Trustees' Responsibilities

Auditors

Price Bailey LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Netherhall Educational Association for the purposes of company law) are responsible for preparing the Trustees' 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 directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of charitable company and of the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS102;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

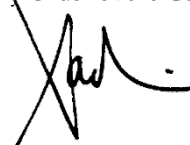
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

Date: 30/7/2021

By Order of the Council



X Bosch
Trustee

Independent Auditor's Report to the Trustees and Members of Netherhall Educational Association

Opinion

We have audited the financial statements of Netherhall Educational Association (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise of the Group statement of Financial Activities, the Group and Parent charitable Company Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30 September 2020, and of the group's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)

For and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
3rd Floor, 24 Old Bond St, Mayfair, London W1S 4AP

Date 1 August 2021

Consolidated Statement of Financial Activities including Income and Expenditure Account


| | Note | Unrestricted Funds 2020 £ | Designated Funds 2020 £ | Restricted Funds 2020 £ | Total Funds 2020 £ | Total Funds 2019 (Restated) £ |
|---|-------|------------------------------------|----------------------------------|----------------------------------|-----------------------------|---|
| INCOME | | | | | | |
| Charitable activities | 3 | 644,699 | - | - | 644,699 | 1,056,525 |
| Donations and legacies | | | | | | |
| Regular donations | 3 | 1,170,960 | - | - | 1,170,960 | 1,284,313 |
| One-off donations and bequests | 3/18 | 76,860 | - | 1,140 | 78,000 | 218,100 |
| Investment income | | | | | | |
| From investment properties | | 1,130,596 | 5,330 | - | 1,135,926 | 1,211,055 |
| Interest and dividends | | 2,186 | - | 90 | 2,276 | 5,445 |
| Other income | | 119,791 | - | - | 119,791 | 128,747 |
| Total Income | | 3,145,092 | 5,330 | 1,230 | 3,151,652 | 3,904,185 |
| EXPENDITURE | | | | | | |
| Raising funds | 4 | 422,407 | | | 422,407 | 446,386 |
| Charitable activities | | | | | | |
| Residential activity centres | 4 | 1,453,898 | | | 1,453,898 | 1,549,237 |
| Residential and non-residential programmes | 4 | 328,932 | | | 328,932 | 361,257 |
| Clubs and study centres | 4 | 624,029 | | | 624,029 | 602,360 |
| Grants | 4/18 | - | | | - | - |
| Programme related investment properties | 10 | - | 1,000,000 | | 1,000,000 | - |
| Total Expenditure | | 2,829,266 | 1,000,000 | - | 3,829,266 | 2,959,240 |
| Net gains/(losses) on investments | | | | | | |
| Unrealised losses on investment properties. | 10 | | (880,697) | | (880,697) | 108,246 |
| Unrealised gains/(losses) on listed investments | 10 | (30,013) | | | (30,013) | (2,862) |
| Net Income/(Expenditure) | 8a | 285,813 | (1,875,367) | 1,230 | (1,588,324) | 1,050,329 |
| Transfers between Funds | 18 | (649,989) | 648,317 | 1,672 | - | - |
| Net Movements in funds | | (364,176) | (1,227,050) | 2,902 | (1,588,324) | 1,050,329 |
| Balance Brought Forward | | (415,118) | 31,652,719 | 98,814 | 31,336,415 | 30,286,086 |
| Total Funds | 19/20 | (779,294) | 30,425,669 | 101,716 | 29,748,091 | 31,336,415 |

There were no recognised gains or losses other than those shown above
All activities relate to continuing operations

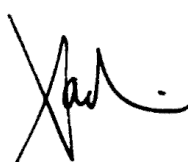
Consolidated Balance Sheet at 30th September 2020

| | Notes | 2020 | 2020 | 2019 | 2019 |
|--|-------|--------------------|---------------------|--------------------|---------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible assets | 9 | | 27,626,864 | | 33,225,107 |
| Programme related investments | 10 | | 9,423,236 | | - |
| Investments | 10 | | <u>5,431,540</u> | | <u>10,594,828</u> |
| | | | 42,481,640 | | 43,819,935 |
| Current Assets | | | | | |
| Debtors and Prepayments | 11 | 312,619 | | 155,566 | |
| Short-term Investments | | - | | | |
| Cash at bank and in hand | 12 | <u>955,197</u> | | <u>500,333</u> | |
| | | 1,267,816 | | 655,899 | |
| Creditors: Amounts falling due within one year | 13 | <u>(2,608,537)</u> | | <u>(2,143,686)</u> | |
| Net Current Liabilities) | | | <u>(1,340,721)</u> | | <u>(1,487,787)</u> |
| Total Assets less Current Liabilities | | | 41,140,919 | | 42,332,148 |
| Creditors: Amounts falling due after more than one year | | | | | |
| Mortgages and other loans | 14 | | <u>(11,392,828)</u> | | <u>(10,995,733)</u> |
| | | | <u>29,748,091</u> | | <u>31,336,415</u> |
| Funds | 19/20 | | | | |
| Unrestricted: | | | | | |
| General fund | | | (779,294) | | (415,118) |
| Designated: | | | | | |
| Jeremy White Memorial Fellowship Fund | | 528,192 | | 522,962 | |
| Michael Richards Memorial Fund | | 10,100 | | 10,000 | |
| Properties | | 21,202,530 | | 21,554,213 | |
| Properties revaluation reserve | | <u>8,684,847</u> | | <u>9,565,544</u> | |
| | | | 30,425,669 | | 31,652,719 |
| Restricted: | | | | | |
| Jeremy White Memorial Bursary Fund | | 9,080 | | 8,990 | |
| International Projects | | <u>92,636</u> | | <u>89,824</u> | |
| | | | 101,716 | | 98,814 |
| | | | <u>29,748,091</u> | | <u>31,336,415</u> |

Approved and authorised by the Council on 30/7/2021



A Curtis
Trustee



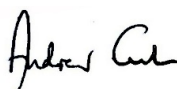
X. Bosch
Trustee

Balance Sheet at 30th September 2020

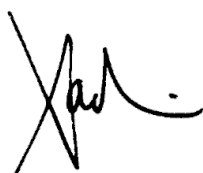
| | Notes | 2020 | 2020 | 2019 | 2019 |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible assets | 9 | | 20,411,529 | | 25,910,293 |
| Programme related investments | 10 | | 9,423,236 | | - |
| Investments | 10 | | <u>13,545,614</u> | | <u>18,775,648</u> |
| | | | 43,380,379 | | 44,685,941 |
| Current Assets | | | | | |
| Debtors | 11 | 312,619 | | 155,565 | |
| Short term investments | | - | | - | |
| Cash at bank and in hand | 12 | <u>921,533</u> | | <u>466,668</u> | |
| | | 1,234,152 | | 622,233 | |
| Creditors: Amounts falling due within one year | 13 | <u>(3,473,610)</u> | | <u>(2,976,026)</u> | |
| Net Current Liabilities | | | <u>(2,239,458)</u> | | <u>(2,353,793)</u> |
| Total Assets less Current Liabilities | | | 41,140,921 | | 42,332,148 |
| Creditors: Amounts falling due after more than one year | | | | | |
| Mortgages and other loans | 14 | | (11,392,829) | | (10,995,733) |
| Net Assets | | | <u>29,748,092</u> | | <u>31,336,415</u> |
| Funds | 19/20 | | | | |
| Unrestricted: | | | | | |
| General | | | (779,293) | | (415,118) |
| Designated: | | | | | |
| Jeremy White Memorial Fellowship Fund | | 528,192 | | 522,962 | |
| Michael Richards Memorial Fund | | 10,100 | | 10,000 | |
| Properties | | 21,202,530 | | 21,554,213 | |
| Properties revaluation reserve | | <u>8,684,847</u> | | <u>9,565,544</u> | |
| | | | 30,425,669 | | 31,652,719 |
| Restricted: | | | | | |
| Jeremy White Memorial Bursary Fund | | 9,080 | | 8,990 | |
| International Projects | | <u>92,636</u> | | <u>89,824</u> | |
| | | | 101,716 | | 98,814 |
| | | | <u>29,748,092</u> | | <u>31,336,415</u> |

Approved and authorised by the Council on 30/7/2021

A Curtis
Trustee



X. Bosch
Trustee



Consolidated Cash Flow Statement

| | Notes | 2020 | 2020 | 2019 | 2019 |
|--|-------|---------------------|------------------|---------------------|--------------------|
| | | £ | £ | £ | £ |
| Net Cash Inflow from Operating Activities | 22 | | 622,529 | | 1,505,213 |
| Returns on Investments and Servicing of Finance | | | | | |
| Bank interest paid | | (183,245) | | (206,014) | |
| Interest received | | <u>2,276</u> | | <u>5,445</u> | |
| Net Cash Outflow from Returns on Investments and Servicing of Finance | | | (180,969) | | (200,569) |
| Taxation | | | - | | - |
| Capital Expenditure and Financial Investment | | | | | |
| Payments to acquire tangible fixed assets | | (867,867) | | (1,403,744) | |
| Receipts on disposal of tangible fixed assets | | - | | - | |
| Receipts on disposal of listed investments | | - | | - | |
| Payments to acquire property investments | | (122,324) | | (260,016) | |
| Short-term investments | | <u>-</u> | | <u>663,077</u> | |
| Net Cash Inflow (Outflow) from Capital Expenditure and Financial Investment | | | <u>(990,191)</u> | | <u>(1,000,683)</u> |
| Net Cash Inflow (Outflow) before Financing | | | (548,631) | | 303,961 |
| Financing | | | | | |
| New long-term loans | | 680,000 | | - | |
| New CBILS loan | | 500,000 | | | |
| Repayment of long-term loans | | <u>(176,505)</u> | | <u>(457,140)</u> | |
| | | | 1,003,495 | | (457,140) |
| Increase/(Decrease) in Cash | | | <u>454,864</u> | | <u>(153,179)</u> |
| Reconciliation of Net Cash Flow to Movement in Net Debt | | | | | |
| | | 2020 | | 2019 | |
| | | £ | | £ | |
| Increase/(decrease) in cash | | 454,864 | | (153,179) | |
| New long-term loans | | (1,180,000) | | - | |
| Repayment of long-term loans | | <u>176,505</u> | | <u>457,140</u> | |
| Movement in Net Debt in the Year | | (548,631) | | 303,961 | |
| Net debt at 1st October (Note 22) | | <u>(12,093,725)</u> | | <u>(12,397,686)</u> | |
| Net Debt at 30th September (Note 22) | | <u>(12,642,356)</u> | | <u>(12,093,725)</u> | |

Notes to the Financial Statements

1 Objects and Organisation of the Association

The Association is a registered charity for the advancement of education within the Christian ideal, incorporated under the Companies Act 2006, limited by guarantee and having no share capital. (As from 15th October 1980, the word 'Limited' is omitted by licence of the Secretary of State for Trade.) It is organised as follows:

- ownership of various properties, the financing of the related mortgages, fund-raising activities, and general administration are the responsibility of the Association;
- the properties are run as independent centres and their operation is the responsibility of the various house management committees; they are run according to the principles of the Association, and to achieve its objects.

2 Accounting Policies

Accounting Convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the requirements of the Companies Act 2006.

The Charitable Company is a public benefit company as defined by FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

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

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of NEA to continue as a going concern for at least another 12 months from the date of approval of the financial statements. In particular the Trustees have considered NEA's forecasts and projections and have taken account of pressures on income. Covid-19 control measures resulted in the need to close the doors of the halls of residence and conference centre for long periods, with resulting loss of income. However, the Trustees take the view that, with suitable cash-flow management, the loss of income does not threaten long-term sustainability of the charity. NEA enjoys a wide base of supporters who work voluntarily and give generously to the Charity, a number of whom have made interest-free loans. NEA has also taken out CBILS and other commercial loans to assist its immediate cash needs. The Trustees will be re-considering its strategic plans in the light of performance in 2019/2020. They are aware that for many years NEA's net current liabilities have been negative. This results from a large number of interest-free loans from supporters which are payable on demand. Having reviewed forecasts, cashflows and budgets for at 12 months from the date of signing these accounts in order to determine the going concern status, the Trustees have concluded that there is a reasonable expectation that NEA has adequate resources to continue in operational existence for the foreseeable future. NEA therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of Consolidation

The group accounts consolidate the accounts of Netherhall Educational Association and its subsidiary undertakings drawn up to 30th September. As permitted by Section 480 of the Companies Act 2006, no separate statement of financial activities for Netherhall Educational Association is presented.

Accounting Policies (continued)

Pensions

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund.

Depreciation of Fixed Assets

Freehold land is not depreciated. The Trustees have used the transitional arrangements of FRS102 with regards revalued assets to be carried at deemed cost. The cost or valuation of other tangible fixed assets is depreciated by annual instalments over their expected useful lives as follows:

| | |
|--------------------------|----------------|
| Long leasehold buildings | 50 years |
| Freehold buildings | 50 – 200 years |
| Furniture and fittings | 10 years |
| Motor vehicles | 4 years |

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the general reserve.

The carrying values of tangible fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate that the carrying value may not be recoverable.

The capitalisation threshold is set at £2,500.

Financial Instruments

The charity has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all its financial instruments (and has no instruments required to be accounted for under Section 12 “Other Financial Instruments”). Financial instruments are recognised in the charity’s balance sheet when the charity becomes party to the contractual obligations of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, where there is a legally enforceable right of set off and an intention to settle the net amount. With the exceptions of prepayment, deferred income and balances due to/from HMRC, all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. Other financial instrument assets include investments which are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Programme related investments – properties

Properties which are used to help fulfill the charity's objectives are initially recognised at cost and measured at the amount paid, with the carrying amount adjusted in subsequent years to reflect if necessary for any impairment. Any impairment losses are immediately recognised in the Statement of Financial Activities.

Investments

Certain of the group's properties are held for long-term investment. Investment properties include, where appropriate, interest on capital employed, capitalised during their development periods. Investment properties are accounted for in accordance with SSAP 19, as follows:

- investment properties are revalued and the aggregate surplus or deficit is transferred to the revaluation reserve; where the total of the revaluation reserve is insufficient to cover a deficit the excess is charged in the Statement of Financial
- no depreciation is provided in respect of freehold investment properties.

The carrying values of investments in subsidiaries are reviewed for impairment annually if events or changes in

Income

All income is included in the Statement of Financial Activities on a receivable basis.

Where income is received in advance, it is carried forward as deferred income and is released in the period to which it relates.

Accounting Policies (continued)

Allocation of Costs

Charitable expenditure includes salary costs of staff employed at the centres, depreciation of fixed assets owned by NEA, interest paid on NEA's loans and other charitable expenditure.

Support costs include the salary costs of the finance staff, depreciation of computer and other equipment and other administration expenditure. They are re-allocated to the other activities in line with expenditure on those

Governance costs comprises audit fees and other compliance costs.

Expenditure is charged on an accruals basis. Grants payable are included in the Statements of Financial Activities when approved and communicated to a third party to create a constructive obligation.

Foreign currencies transactions

Unsecured loans expressed in foreign currencies have been translated into sterling at the rates of exchange ruling at the year end date. All exchange gains/losses have been reflected in the statement of financial activities.

Fund Accounting

Unrestricted general funds are funds that can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds are funds that are set aside by the Trustees out of general funds for specific future purposes or objects.

Restricted funds are funds that can only be used for specific purposes within the objects of the charity. Restrictions arise when specified by the donor(s).

Liabilities

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. should say Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Critical accounting estimates and judgements

In the application of NEA's accounting policies, the Trustees are required to make judgements, estimates, and assumptions about the carrying amount of assets and liabilities, that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Useful economic lives

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Provisions

The Association makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the aging profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors.

3 Donations

Donations include £ 399,264 (2019 – £260,328) for donations received by the various centres. No legacies were received during the year (2019 – nil). NEA is able to recover tax on donations received under GiftAid.

Income from charitable activities relates to residential fees, charges for courses and activities, and subscriptions.

As a charity, the Association is not liable to taxation on its income provided this is fully applied to the furtherance of its objects.

4 Analysis of Expenditure 2019/20

| | Note | Generating Funds £ | Residential activity centres £ | Residential & non-residential programmes £ | Clubs and study centres £ | Support Costs £ | 2020 Total £ |
|--|------|-----------------------|-----------------------------------|---|------------------------------|--------------------|-------------------------|
| Staff costs | 6a | - | 319,134 | 72,133 | 63,232 | 159,127 | 613,626 |
| Depreciation | 9 | - | 216,353 | 65,668 | 101,171 | 34,583 | 417,775 |
| Interest paid | 5 | - | 7,465 | - | 175,780 | - | 183,245 |
| Catering | | - | 131,302 | 36,973 | 60,595 | - | 228,870 |
| Light & heat | | - | 117,574 | 33,322 | 34,573 | - | 185,469 |
| Rent & rates | | - | 5,341 | 10,112 | 14,456 | - | 29,909 |
| Maintenance | | 356,742 | 78,061 | 48,657 | 24,722 | - | 508,182 |
| Replacements | | - | 19,124 | 1,229 | 11,657 | - | 32,010 |
| Other costs | | - | 333,530 | 9,704 | 40,835 | 207,758 | 591,827 |
| Audit | | - | - | - | - | 38,353 | 38,353 |
| Support Costs allocated pro rata on other expenditures. | | 65,665 | 226,014 | 51,134 | 97,008 | (439,821) | - |
| | | <u>422,407</u> | <u>1,453,898</u> | <u>328,932</u> | <u>624,029</u> | - | <u>2,829,266</u> |
| Charitable Grants | 18 | | | | | | - |
| Impairment loss on programme related investment properties | 10 | - | | | | | 1,000,000 |
| Total 2020 | | | | | | | <u><u>3,829,266</u></u> |

Analysis of Expenditure 2018/19

| | Note | Generating Funds £ | Residential activity centres £ | Residential & non-residential programmes £ | Clubs and study centres £ | Support Costs £ | 2019 Total (Restated) £ |
|---|------|-----------------------|-----------------------------------|---|------------------------------|--------------------|-------------------------------|
| Staff costs | 6a | - | 364,272 | 73,442 | 39,903 | 151,231 | 628,848 |
| Depreciation | 9 | - | 216,354 | 52,845 | 134,154 | 20,456 | 423,809 |
| Interest paid | 5 | - | 11,108 | - | 194,906 | - | 206,014 |
| Catering | | - | 157,343 | 43,647 | 38,721 | - | 239,711 |
| Light & heat | | - | 207,201 | 36,212 | 26,225 | - | 269,638 |
| Rent & rates | | - | 3,645 | 7,322 | 8,738 | - | 19,705 |
| Maintenance | | 407,917 | 60,107 | 51,902 | 25,258 | - | 545,184 |
| Replacements | | - | 9,791 | 6,445 | 2,304 | - | 18,540 |
| Other costs | | - | 385,904 | 58,309 | 80,240 | 51,125 | 575,578 |
| Audit | | - | - | - | - | 32,213 | 32,213 |
| Support Costs allocated pro rata on other expenditures. | | 38,469 | 133,512 | 31,133 | 51,911 | (255,025) | - |
| | | <u>446,386</u> | <u>1,549,237</u> | <u>361,257</u> | <u>602,360</u> | <u>-</u> | <u>2,959,240</u> |
| Charitable Grants | 18 | | | | | | - |
| Total 2019 | | | | | | | <u><u>2,959,240</u></u> |

| 5 Mortgage and loan interest | 2020 | 2019 |
|--------------------------------------|---------|---------|
| | £ | £ |
| Interest on mortgages and bank loans | 183,245 | 206,014 |

| 6a Staff Costs | 2020 | 2019 |
|----------------------------------|---------|---------|
| | £ | £ |
| Wages and salaries | 561,147 | 580,628 |
| Social security costs | 38,850 | 34,930 |
| Employer's pensions contribution | 13,629 | 13,291 |
| | 613,626 | 628,849 |

The average weekly number of employees during the year was as follows:

| | 2020 Actuals | 2019 Actuals |
|---|-----------------|-----------------|
| Charitable work: activities and operational domestic/catering | 5 32 | 5 37 |
| Management and administration | 1 | 1 |
| | 38 | 43 |

No employee earned £60,000 per annum or more (2019 nil).

6b Governance Structure and Key Management Personnel

The Association considers its key management personnel to be its Trustees. As set out in Note 7, their total employment benefits including employer pension contributions were £nil (2019: £nil). The Trustees delegate the day-to-day running of NEA to an Executive Committee of Trustees including the Chairman. They are in frequent contact and must refer major and strategic decisions to meetings of all the Trustees. There is no chief executive, the two members of "headquarters" staff reporting to the Executive Committee. Each of the Association's centres has a Management Committee - formed of volunteers or employed staff as appropriate to the centre - with authority to run the activities in and from that centre in accordance with plans and budgets agreed with the Executive Committee.

7 Emoluments of Trustees

No Trustee received any remuneration for his services during the year (2019 - £nil). During the year 2019/20 NEA paid the travel costs of two Trustees amounting to £2,679 (2019 - £2,867 one Trustee).

8 Retained Surplus Attributable to Parent Company

The retained deficit (after charging depreciation, audit fees split parent and group, and loss on sale of fixed assets and before unrealised gains/losses on investments and exchange differences) dealt with in the accounts of the parent company was £610,868 (2019 - £1,046,395 surplus). The company is exempt from publication of its own profit and loss account under Section 480 of the Companies Act 2006.

8a Net income

Net income is shown after charging;

| | 2020 | 2019 |
|---|-----------|---------|
| | £ | £ |
| Depreciation | 417,775 | 423,809 |
| Auditor's remuneration - audit services | 32,608 | 32,213 |
| Auditor's remuneration - other | 5,745 | - |
| Impairment of programme related investments | 1,000,000 | - |
| Loss on sale of fixed assets | 1 | - |

9 Tangible Fixed Assets

| | Land and Buildings | Furniture and Fittings | Motor Vehicles | Total |
|---|-----------------------|---------------------------|-------------------|-------------|
| Group | £ | £ | £ | £ |
| Cost or valuation: | | | | |
| At 1st October 2019 | 39,458,454 | 66,919 | 99,156 | 39,624,529 |
| Additions during the year | 816,106 | - | 51,761 | 867,867 |
| Disposals | - | - | (15,700) | (15,700) |
| Transfers to Programme Related Property Investments | (6,112,628) | - | - | (6,112,628) |
| At 30th September 2020 | 34,161,932 | 66,919 | 135,217 | 34,364,068 |
| Depreciation | | | | |
| At 1st October 2019 | 6,295,245 | 48,607 | 55,570 | 6,399,422 |
| Charge for the Year | 384,175 | 7,210 | 26,390 | 417,775 |
| Depreciation on Disposals | - | - | (15,699) | (15,699) |
| Transfers to Programme Related Property Investments | (64,294) | - | - | (64,294) |
| At 30th September 2020 | 6,615,126 | 55,817 | 66,261 | 6,737,204 |
| Net Book Value | | | | |
| At 30th September 2020 | 27,546,806 | 11,102 | 68,956 | 27,626,864 |
| | 17 | | | |
| At 30th September 2019 | 33,163,209 | 18,312 | 43,586 | 33,225,107 |

9 Tangible Fixed Assets (continued)

| Company | Land and Buildings £ | Furniture and Fittings £ | Motor Vehicles £ | Total £ |
|---|-------------------------|-----------------------------|---------------------|-------------|
| Cost or valuation: | | | | |
| At 1st October 2019 | 30,059,592 | 66,919 | 99,156 | 30,225,667 |
| Additions during the year | 816,106 | - | 51,761 | 867,867 |
| Disposals | - | - | (15,700) | (15,700) |
| Transfers to Programme Related Property Investments | (6,112,628) | - | - | (6,112,628) |
| At 30th September 2020 | 24,763,070 | 66,919 | 135,217 | 24,965,206 |
| Depreciation | | | | |
| At 1st October 2019 | 4,211,208 | 48,596 | 55,570 | 4,315,374 |
| Charge for the Year | 284,696 | 7,210 | 26,390 | 318,296 |
| Depreciation on Disposals | - | - | (15,699) | (15,699) |
| Transfers to Programme related investments | (64,294) | - | - | (64,294) |
| At 30th September 2020 | 4,431,610 | 55,806 | 66,261 | 4,553,677 |
| Net Book Value | | | | |
| At 30th September 2020 | 20,331,460 | 11,113 | 68,956 | 20,411,529 |
| At 30th September 2019 | 25,848,384 | 18,323 | 43,586 | 25,910,293 |

The details of fixed assets are as follows - these revaluations have been taken as deemed costs following the transition to FRS102:

| | Group | | Company | |
|---|-------------|------------|-------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| <i>Land and buildings</i> | | | | |
| At cost | 24,581,998 | 23,765,879 | 24,581,977 | 23,765,870 |
| Transfers to Programme Related Property Investments | (6,112,628) | - | (6,112,628) | - |
| At Trustees' valuation – 2018 | 667,562 | 667,562 | 667,562 | 667,562 |
| At professional valuation – 1996 | 11,000,000 | 11,000,000 | 1,601,159 | 1,601,159 |
| At professional valuation – 1993 | 4,025,000 | 4,025,000 | 4,025,000 | 4,025,000 |
| | 34,161,932 | 39,458,441 | 24,763,070 | 30,059,591 |

Included in freehold property is Netherhall House, part of which has been leased to Netherhall Residences plc and New Netherhall Residences plc.

Included in land and buildings is an amount of £1,047,1867 (2019 – £7,076,654) in respect of modification and refurbishment projects in progress, which is not depreciated.

A number of charges are in existence over the individual properties held by the organisation, as described in Note 15.

The net book value of land and buildings comprises:

| | Group | | Company | |
|----------------|------------|------------|------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Freehold | 26,831,936 | 32,448,339 | 19,616,590 | 25,133,514 |
| Long leasehold | 714,870 | 714,870 | 714,870 | 714,870 |
| | 27,546,806 | 33,163,209 | 20,331,460 | 25,848,384 |

10 Fixed Asset Investments

| | Group | | Company | |
|--|------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| At 30th September, fixed asset investments comprised the following | £ | £ | £ | £ |
| Investment Properties | 5,385,000 | 10,518,275 | 5,385,000 | 10,518,275 |
| Listed investments at market value | 46,540 | 76,553 | 46,540 | 76,553 |
| Investments in subsidiary undertakings | - | - | 8,114,074 | 8,180,820 |
| | <u>5,431,540</u> | <u>10,594,828</u> | <u>13,545,614</u> | <u>18,775,648</u> |

Programme Related Property Investments

| | Group and Company | |
|--|-------------------|----------|
| | 2020 | 2019 |
| | £ | £ |
| B/fwd | - | - |
| Transfer at 1 October 2019 from fixed assets/investment properties | 10,305,912 | - |
| Additions | 117,324 | - |
| Impairment on Orme Court property | (1,000,000) | - |
| | <u>9,423,236</u> | <u>-</u> |
| C/fwd | | - |

The Programme Related Property Investments comprise 2 and 3 Orme Court, London W2 and The Cedars School in Croydon,

In 2001 and 2003, NEA purchased 3 and 2 Orme Court with the intention of transferring ownership of these properties at a future date to Dawcliffe Hall Educational Foundation, another registered charity with similar objectives, so that the two charities can run joint projects. The properties were purchased with a £1,000,000 loan taken out by NEA and secured against one property, and £5,099,874 from the other charity. The bank loan has been repaid using income from renting the properties.

In 2017 the Trustees decided to enter into a sale and leaseback with PACT Educational Trust for purchase of 'The Cedars', a secondary day school. They considered this a programme related investment in furtherance with NEA's charitable objectives. The purchase was funded by a bank loan secured on the property.

Investment Properties

| | Group and Company | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| | £ | £ |
| B/fwd | 10,518,275 | 10,150,013 |
| Transfer at 1 October 2019 to programme related investments | (4,257,578) | - |
| Additions | 5,000 | 260,016 |
| Disposals | | |
| Revaluation in line with open market valuations for adjoining properties. | (880,697) | 108,246 |
| | <u>5,385,000</u> | <u>10,518,275</u> |
| C/fwd | | |

In line with open market valuations for adjoining properties the value of the fixed asset investments was increased by £108,246 at 30th September 2019. At 30th September 2020 it was decreased by £880,697.

Listed Investments

| | Group and Company | |
|------------------------|-------------------|---------------|
| | 2020 | 2019 |
| | £ | £ |
| B/fwd | 76,553 | 79,415 |
| Additions | - | - |
| Disposals | - | - |
| Change in Market Value | (30,013) | (2,862) |
| | <u>46,540</u> | <u>76,553</u> |
| C/fwd | | |

10 Fixed Asset Investments (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Company | | Holding | Proportion of Voting Rights and shares held | Nature of Business |
|--|-------------------------|-----------------|---|--------------------|
| <i>Subsidiary undertakings</i> | | | | |
| Netherhall Residences plc | Company Number: 2845358 | Ordinary shares | 100% | Property Rental |
| New Netherhall Residences plc | Company Number: 2845287 | Ordinary shares | 100% | Property Rental |
| Netherhall International College Limited | Company Number: 3023523 | Ordinary shares | 100% | Education |

Netherhall Residences plc and New Netherhall Residences plc provide rental accommodation for students.

The business of Netherhall International College Limited is English language courses during the summer at Netherhall House. Due to Covid-19 restrictions, no courses were held during the summers of 2020 and 2019. The Company is dormant.

All of the group subsidiaries are incorporated in England and registered in England and Wales.

Results of Subsidiaries for the Year to 30th September 2020

| | Netherhall Residences plc £ | New Netherhall Residences plc £ | Netherhall International College Limited £ | Total £ |
|--|--------------------------------|------------------------------------|---|------------|
| Turnover | 193,839 | 255,918 | - | 449,757 |
| Cost of Sales | (191,162) | (187,456) | - | (378,618) |
| | 2,677 | 68,462 | - | 71,139 |
| Administrative expenses | (56,838) | (81,047) | - | (137,885) |
| Other operating income | - | - | - | - |
| Profit/(Loss) on ordinary activities before taxation | (54,161) | (12,585) | - | (66,746) |
| Taxation | - | - | - | - |
| Retained Profit/(Loss) for year to 30th September 2020 | (54,161) | (12,585) | - | (66,746) |
| Retained Profit/(Loss) for year to 30th September 2019 | (88,780) | (5,218) | (66) | (94,063) |
| Assets | 3,849,634 | 4,281,242 | 2,705 | 8,133,582 |
| Liabilities | (9,504) | (10,004) | - | (19,508) |
| Net Assets/Shareholder Funds 30th September 2020 | 3,840,130 | 4,271,238 | 2,705 | 8,114,074 |
| Net Assets/Shareholder Funds 30th September 2019 | 3,894,291 | 4,283,823 | 2,705 | 8,180,820 |

11 Debtors and Prepayments

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Tax recoverable | 142,123 | 78,566 | 142,123 | 78,567 |
| Other debtors | 170,496 | 76,999 | 170,496 | 76,999 |
| Accruals and prepayments | - | - | - | - |
| | <u>312,619</u> | <u>155,565</u> | <u>312,619</u> | <u>155,566</u> |

12 Cash at bank and in hand

| | Group | Group | Company | Company |
|--------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Restricted | 101,716 | 98,814 | 101,716 | 98,814 |
| Unrestricted | 853,481 | 401,519 | 819,817 | 367,854 |
| | <u>955,197</u> | <u>500,333</u> | <u>921,533</u> | <u>466,668</u> |

13 Creditors: Amounts falling due within one year

| | Group | | Company | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Secured mortgage loans (Note 15) | 374,155 | 322,923 | 374,155 | 322,923 |
| Other unsecured loans (Note 16) | 1,830,571 | 1,275,402 | 1,830,571 | 1,275,402 |
| Other taxes and social security | 16,399 | 17,242 | 16,399 | 17,242 |
| Other creditors | 97,154 | 145,364 | 91,716 | 145,364 |
| Accruals and deferred income | 290,258 | 382,755 | 270,750 | 372,255 |
| Amounts owed to subsidiaries | - | - | 890,019 | 842,840 |
| | <u>2,608,537</u> | <u>2,143,686</u> | <u>3,473,610</u> | <u>2,976,026</u> |

There is a bank overdraft facility available to NEA that is secured by a floating charge over certain of the group's assets.

Deferred Rental Income

| | Group and Company | |
|--|-------------------|---------------|
| | 2020 | 2019 |
| | £ | £ |
| Balance as at 1st October 2019 | 38,693 | 131,828 |
| Released during the year | (38,693) | (131,828) |
| Deferred during the year | 38,693 | 38,693 |
| Balance carried forward at 30th September 2020 | <u>38,693</u> | <u>38,693</u> |

| 14 Creditors: Amounts falling due after more than one year | 2020 | Group and Company | | 2019 |
|--|------------------|-------------------|--------------------|-------------------|
| | | 2020 | 2019 (Restated) | |
| | £ | £ | £ | £ |
| Secured mortgage loans (see Note 15) | | | | |
| - repayable after more than one year but within five years | 1,898,648 | | 1,339,245 | |
| - repayable after more than five years | <u>9,085,451</u> | | <u>9,197,977</u> | |
| | | 10,984,099 | | 10,537,222 |
| Unsecured loans (see Note 16) | | | | |
| - repayable after more than one year but within five years | 321,478 | | 352,758 | |
| - repayable after more than five years | <u>87,251</u> | | <u>105,753</u> | |
| | | <u>408,729</u> | | <u>458,511</u> |
| | | <u>11,392,828</u> | | <u>10,995,733</u> |

The long term secured loans included £5,099,874 previously disclosed separately and relates to loans on programme related investments (see note 10)

15 Secured Loans

All secured loans are secured on the freehold property of both the tangible assets and programme related property investments. Interest is payable at both fixed and variable rates which, as at 30th September 2020, ranged between 1.86% to 4.0% above bank base-rate.

Secured loans due after more than one year are repayable by instalments until they are fully paid off in 2042

| | Group and Company | |
|---|-------------------|--------------------|
| | 2020 | 2019 (Restated) |
| | £ | £ |
| Amounts falling due: | | |
| in one year or less on demand | 374,155 | 322,923 |
| in more than one year but not more than two years | 473,861 | 330,483 |
| in more than two years but not more than five years | 1,424,787 | 1,008,762 |
| in more than five years | <u>9,085,451</u> | <u>9,197,977</u> |
| | 11,358,254 | 10,860,145 |
| Less: included in creditors – amounts falling due within one year (Note 13) | <u>(374,155)</u> | <u>(322,923)</u> |
| | <u>10,984,099</u> | <u>10,537,222</u> |

16 Unsecured Loans

| | Group and Company | |
|---|--------------------|--------------------|
| | 2020 | 2019 |
| | £ | £ |
| Amounts falling due: | | |
| in one year or less on demand | 1,830,571 | 1,275,402 |
| after one year but within five years | 321,478 | 352,758 |
| in more than five years | <u>87,251</u> | <u>105,753</u> |
| | 2,239,300 | 1,733,913 |
| Less: included in creditors – amounts falling due within one year (Note 13) | <u>(1,830,571)</u> | <u>(1,275,402)</u> |
| | <u>408,729</u> | <u>458,511</u> |

17 Taxation

As a charity NEA is exempt from both income and corporation tax as set out in Section 505 of the Income and Corporation Taxes Act 1988.

Group relief, where available, has been applied between subsidiary organisations details of which can be found on individual financial statements.

18 Analysis of Designated and Restricted Resources 2019/2020

| | | Opening Balance 1st Oct 19 | Donation incl <i>GiftAid</i> | Income Credited | Revaluation/ Impairment | Transfers | Closing Balance 30th Sep 20 |
|---|----------------------------|----------------------------------|---------------------------------|--------------------|----------------------------|-----------|-----------------------------------|
| | | £ | £ | £ | £ | £ | £ |
| <u>Designated Funds</u> | | | | | | | |
| Jeremy White Memorial Fellowship Fun | | 522,962 | - | 5,230 | - | - | 528,192 |
| Michael Richards Memorial Fund | | 10,000 | - | 100 | - | - | 10,100 |
| Fixed Assets | Net Book Value | 43,743,382 | - | - | (1,880,697) | 572,415 | 42,435,100 |
| | less Outstanding debt | (12,623,625) | - | - | - | 75,902 | (12,547,723) |
| | Revaluation and impairment | | | | | | |
| TOTAL DESIGNATED | | 31,652,719 | - | 5,330 | (1,880,697) | 648,317 | 30,425,669 |
| <u>Restricted Funds</u> | | | | | | | |
| Jeremy White Memorial Bursary Fund | | 8,990 | - | 90 | - | - | 9,080 |
| International Projects | | | | | | | |
| KDT - Ugwuoma Study Centre, Nigeria | | 57,669 | - | - | - | - | 57,669 |
| Pontifical University of the Holy Cross | | (1,672) | - | - | - | 1,672 | - |
| Saxum Project, Jerusalem | | 33,827 | 1,140 | - | - | - | 34,967 |
| TOTAL RESTRICTED | | 98,814 | 1,140 | 90 | - | 1,672 | 101,716 |

The two Jeremy White Memorial Funds and the Michael Richards Memorial Fund were established to support the activities of NEA related to students. The International Projects are educational and social projects outside Great Britain whose aims are consonant with those of NEA. The Ugwuoma Study Centre provides study and personal development opportunities of the type NEA provides at Kelston, Westpark and Dunreath. Grants sent to the Pontifical University of the Holy Cross, Rome, are for scholarships and support for international students at these university level institutions. The Saxum Project involves the construction of a conference centre outside Jerusalem akin to Wickenden Manor, which provides social development opportunities particularly for local women. No grants were paid by NEA during the year to 30 September 2020 (2019: nil). It is intended that grants will be made in 2022/21 out of the above funds.

Analysis of Designated and Restricted Resources 2018/2019

| | | Opening Balance 1st Oct 18 | Donation incl <i>GiftAid</i> | Income Credited | Payments | Transfers | Closing Balance 30th Sep 19 |
|---|-----------------------|----------------------------------|---------------------------------|--------------------|----------|-----------|-----------------------------------|
| | | £ | £ | £ | £ | £ | £ |
| <u>Designated Funds</u> | | | | | | | |
| Jeremy White Memorial Fellowship Fun | | 522,962 | - | - | - | - | 522,962 |
| Michael Richards Memorial Fund | | | 10,000 | | - | - | 10,000 |
| Fixed Assets | Net Book Value | 42,384,098 | - | - | - | 1,359,284 | 43,743,382 |
| | less Outstanding debt | (12,692,587) | - | - | - | 68,962 | (12,623,625) |
| TOTAL DESIGNATED | | 30,214,473 | 10,000 | - | - | 1,428,246 | 31,652,719 |
| <u>Restricted Funds</u> | | | | | | | |
| Jeremy White Memorial Bursary Fund | | 8,990 | - | - | - | - | 8,990 |
| International Projects | | | | | | | |
| KDT - Ugwuoma Study Centre, Nigeria | | 25,044 | 32,625 | - | - | - | 57,669 |
| Pontifical University of the Holy Cross | | (1,812) | 140 | - | - | - | (1,672) |
| Saxum Project, Jerusalem | | 30,200 | 3,627 | - | - | - | 33,827 |
| TOTAL RESTRICTED | | 62,422 | 36,392 | - | - | - | 98,814 |

19 Movement on Reserves 2019/2020

| Group | At 1st October 2019 (Restated) £ | Income £ | Expenditure £ | Investment (Loss)/Gain (unrealised) £ | Investment Properties Revaluations £ | Transfers in Year £ | At 30th September 2020 £ |
|---------------|--|------------------|--------------------|--|---|---------------------------|-----------------------------------|
| Unrestricted: | | | | | | | |
| General | (415,118) | 3,145,092 | (2,829,266) | (30,013) | - | (649,989) | (779,294) |
| Designated: | 31,652,719 | 5,330 | (1,000,000) | - | (880,697) | 648,317 | 30,425,669 |
| Restricted: | 98,814 | 1,230 | - | - | - | 1,672 | 101,716 |
| | <u>31,336,415</u> | <u>3,151,652</u> | <u>(3,829,266)</u> | <u>(30,013)</u> | <u>(880,697)</u> | <u>-</u> | <u>29,748,091</u> |
| Company | At 1st October 2019 (Restated) £ | Income £ | Expenditure £ | Investment (Loss)/Gain (unrealised) £ | Investment Properties Revaluations £ | Transfers in Year £ | At 30th September 2020 £ |
| Unrestricted: | | | | | | | |
| General | (415,118) | 2,660,016 | (2,344,190) | (30,013) | - | (649,989) | (779,293) |
| Designated: | 31,652,719 | 5,330 | (1,000,000) | - | (880,697) | 648,317 | 30,425,669 |
| Restricted: | 98,814 | 1,230 | - | - | - | 1,672 | 101,716 |
| | <u>31,336,415</u> | <u>2,666,576</u> | <u>(3,344,190)</u> | <u>(30,013)</u> | <u>(880,697)</u> | <u>-</u> | <u>29,748,092</u> |

Movement on Reserves 2018/2019

| Group | At 1st October 2018 (Restated) £ | Income £ | Expenditure £ | Investment (Loss)/Gain (unrealised) £ | Investment Properties Revaluations £ | Transfers in Year £ | At 30th September 2019 (Restated) £ |
|---------------|--|------------------|--------------------|--|---|---------------------------|---|
| Unrestricted: | | | | | | | |
| General | 9,192 | 3,857,792 | (2,959,240) | 105,384 | - | (1,428,246) | (415,118) |
| Designated: | 30,214,473 | 10,000 | - | - | - | 1,428,246 | 31,652,719 |
| Restricted: | 62,422 | 36,392 | - | - | - | - | 98,814 |
| | <u>30,286,087</u> | <u>3,904,184</u> | <u>(2,959,240)</u> | <u>105,384</u> | <u>-</u> | <u>-</u> | <u>31,336,415</u> |
| Company | At 1st October 2018 £ | Income £ | Expenditure £ | Investment (Loss)/Gain (unrealised) £ | Investment Properties (Loss)/Gain £ | Transfers in Year £ | At 30th September 2019 £ |
| Unrestricted: | | | | | | | |
| General | 9,191 | 3,857,792 | (2,959,240) | 105,384 | - | (1,428,246) | (415,118) |
| Designated: | 30,214,473 | 10,000 | - | - | - | 1,428,246 | 31,652,719 |
| Restricted: | 62,422 | 36,392 | - | - | - | - | 98,814 |
| | <u>30,286,086</u> | <u>3,904,184</u> | <u>(2,959,240)</u> | <u>105,384</u> | <u>-</u> | <u>-</u> | <u>31,336,415</u> |

20 Analysis of Assets between Funds as at 30th September 2020

| Group | Creditors: | | | | Total £ |
|-------------------------|----------------------|------------------------|---|--|-------------------|
| | Fixed Assets £ | Current Assets £ | Amounts falling due within 1 year £ | Amounts falling due after 1 year £ | |
| Unrestricted: | | | | | |
| General | - | 1,166,100 | (1,945,394.00) | - | (779,294) |
| Designated (see Note 5) | 42,481,640 | - | (663,143.00) | (11,392,828) | 30,425,669 |
| Restricted: | - | 101,716 | - | - | 101,716 |
| | <u>42,481,640</u> | <u>1,267,816</u> | <u>(2,608,537)</u> | <u>(11,392,828)</u> | <u>29,748,091</u> |

Analysis of Assets between Funds as at 30th September 2019

| Group | Creditors: | | | | Total £ |
|-------------------------|----------------------|------------------------|---|--|-------------------|
| | Fixed Assets £ | Current Assets £ | Amounts falling due within 1 year £ | Amounts falling due after 1 year £ | |
| Unrestricted: | | | | | |
| General | - | 557,085 | (972,203.00) | - | (415,118) |
| Designated (see Note 5) | 43,819,935 | - | (1,171,483.00) | (10,995,733) | 31,652,719 |
| Restricted: | - | 98,814 | - | - | 98,814 |
| | <u>43,819,935</u> | <u>655,899</u> | <u>(2,143,686)</u> | <u>(10,995,733)</u> | <u>31,336,415</u> |

21 Related Party Transactions

Mr X Bosch is a trustee of the Opus Dei Charitable Trust which paid £62,700 (2019 - £50,000) to NEA towards the expenses of running 4–6 Orme Court. Mr Bosch and Mr J Valero are trustees of the Greycarth Association which at 30th September 2020 had made an unsecured loan of £193,366 with NEA; the movements since the 30 September 2019 balance of £250,139 being a net repayment of £42,975 and a recharge of insurance premiums incurred on behalf of the lender.

Mr Bosch and Mr J Valero (until November 2020 and from September 2020 respectively) were directors of PACT Educational Trust who run The Cedars School. The school building was purchased by NEA in December 2018 and PACT Educational Trust leases it back for £20,000 per month under a 25 year lease. The aims of PACT Educational Trust are in line with the aims of NEA in that both organisations emphasize character formation in education based on training in the virtues

Mr Bosch, Dr Curtis, Dr Hegarty, Mr Mirabal, and Mr Valero are members of the resident management teams of some of the centres of NEA. They are required to live in and receive free accommodation at the centre whose activities they help organise, on the same basis as other non-trustee members of those management teams.

22 Notes to the Statement of Cash Flows

(a) Reconciliation of net income for the year to net cash inflow from operating activities.

| | 2020 | 2019 (Restated) |
|--|----------------|--------------------|
| | £ | £ |
| Net income for the year | (1,588,324) | 1,050,329 |
| Interest receivable | (2,276) | (5,445) |
| Interest payable | 183,245 | 206,014 |
| Realised gain on investments | 880,697 | - |
| Unrealised gain/(loss) on investments | 30,013 | (105,384) |
| Depreciation | 417,775 | 412,721 |
| Impairment of asset | 1,000,000 | - |
| Loss on disposal of fixed assets | 1 | - |
| Decrease/(increase) in debtors and prepayments | (157,053) | 55,330 |
| (Decrease)/increase in creditors and accruals | (141,549) | (108,352) |
| Net cash inflow from operating activities | <u>622,529</u> | <u>1,505,213</u> |

(b) Analysis of changes in net debt.

| | At 1st October 2019 (Restated) | Cash Flow | At 30th September 2020 |
|--------------------------|---|------------------|------------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | <u>500,333</u> | <u>454,864</u> | <u>955,197</u> |
| | 500,333 | 454,864 | 955,197 |
| Debt due within one year | (1,598,326) | (606,400) | (2,204,726) |
| Debt due after one year | <u>(10,995,732)</u> | <u>(397,096)</u> | <u>(11,392,828)</u> |
| Net debt | <u>(12,093,725)</u> | <u>(548,631)</u> | <u>(12,642,357)</u> |

23 Operating lease commitments

Lessor

At the reporting end date NEA had contracted with PACT Educational Trust Limited for The Cedars School with the following minimum lease payments to NEA

| | Year ended 30 September 2020 | Year ended 30 September 2019 |
|----------------------------|------------------------------------|------------------------------------|
| | £ | £ |
| Within one year | 240,000 | 240,000 |
| Between two and five years | 960,000 | 960,000 |
| In over 5 years | <u>4,080,000</u> | <u>4,320,000</u> |
| Total | <u>5,280,000</u> | <u>5,520,000</u> |